

**SCHOOL DISTRICT  
OF  
TOWNSHIP OF COMMERCIAL**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Township of Commercial Board of Education**

**Port Norris, New Jersey**

**For the Fiscal Year Ended June 30, 2013**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**of the**

**Township of Commercial Board of Education**

**Port Norris, New Jersey**

**For the Fiscal Year Ended June 30, 2013**

**Prepared by**

**Commercial Township Board of Education**

**Finance Department**

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OF THE COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
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## **INTRODUCTORY SECTION**

# *Commercial Township School District*

*ADMINISTRATION BUILDING*  
1308 NORTH AVENUE • P.O. BOX 650  
PORT NORRIS, NEW JERSEY 08349

Dr. SHELLY SCHNEIDER  
SUPERINTENDENT  
TELEPHONE: (856) 785-0362

PAMELA ZOOK  
BOARD SEC. /BUS. ADMINISTRATOR  
FAX: (856) 785-2354

October 30, 2013

Honorable President and  
Members of the Board of Education  
Commercial Township School District  
Cumberland County, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the Commercial Township Public School District (District) or the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections as follows:

- The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials.
- The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon.
- The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.
- The Single Audit Section - The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, P.L. 98-502 and as amended by the Single Audit Act Amendments of 1996, P.L. 104-156 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

### **1. REPORTING ENTITY AND ITS SERVICES:**

The Commercial Township Public School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by Statement No. 14. All funds of the District are included in this report. The Commercial Township Board of Education and its two schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, as well as special education for handicapped youngsters. The District completed the 2012-2013 fiscal year with a June enrollment of 602 students, which is 34 less than the previous year enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<b><u>June 30 Enrollment</u></b>		
<b><u>Fiscal Year</u></b>	<b><u>Student Enrollment</u></b>	<b><u>Percent Change</u></b>
2012-13	602	(5.35)%
2011-12	636	(4.36)%
2010-11	665	0.00%
2009-10	665	.15%
2008-09	664	.79%
2007-08	659	(.76)%
2006-07	674	(.59)%
2005-06	678	(4.10)%
2004-05	707	(0.14)%
2003-04	708	(1.26)%

### **2. ECONOMIC CONDITION AND OUTLOOK:**

Commercial Township continues to be an economically depressed area, which continues to experience limited growth residentially and industrially. It is safe to say that this pattern shall continue.

### **3. MAJOR INITIATIVES:**

The Commercial Township School District is endeavoring to raise the achievement level of all its students particularly in the critical areas of language arts literacy and mathematics. District, state, and federal funds have been leveraged to review curriculum and instruction, provide new language arts and mathematics instructional materials, and professional development in instructional methods aimed at improving student progress. Literacy consultants have been hired to work directly with classroom teachers K-8.

#### **4. INTERNAL ACCOUNTING CONTROLS:**

Management of the District is responsible for establishing and maintaining internal control designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the District also is responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

#### **5. BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2013.

#### **6. ACCOUNTING SYSTEM AND REPORTS:**

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 2.

## **7. DEBT ADMINISTRATION:**

At June 30, 2013 the District's outstanding debt issues were \$2,042,748 including \$1,955,000 in general obligation bonds. In August 1993, the District issued New Jersey Economic Development Authority bonds in the amount of \$495,990, of which \$87,748 is outstanding at June 30, 2013. The proceeds of this bond issue were placed in the District's capital projects fund for use to provide funds for capital improvements to the district's building and grounds. These improvements included re-roofing project, five classroom additions, and a covered walkway. There was also a short-term working capital loan balance, as of June 30, 2013, in the amount of \$950,000.

## **8. CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

## **9. RISK MANAGEMENT:**

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

## **10. OTHER INFORMATION:**

**A) Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Raymond Colavita, C.P.A., R.M.A. of the accounting firm of Nightlinger, Colavita and Volpa, P.A. was selected by the Board's Audit Committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984, P.L. 98-502 and as amended by the Single Audit Act Amendments of 1996, P.L. 104-156, and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**11. ACKNOWLEDGMENTS:**

We would like to express our appreciation to the members of the Commercial Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the public school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff. We received the complete cooperation from Nightlinger, Colavita & Volpa, P.A. and appreciate the courtesies extended to us.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Shelly Schneider".

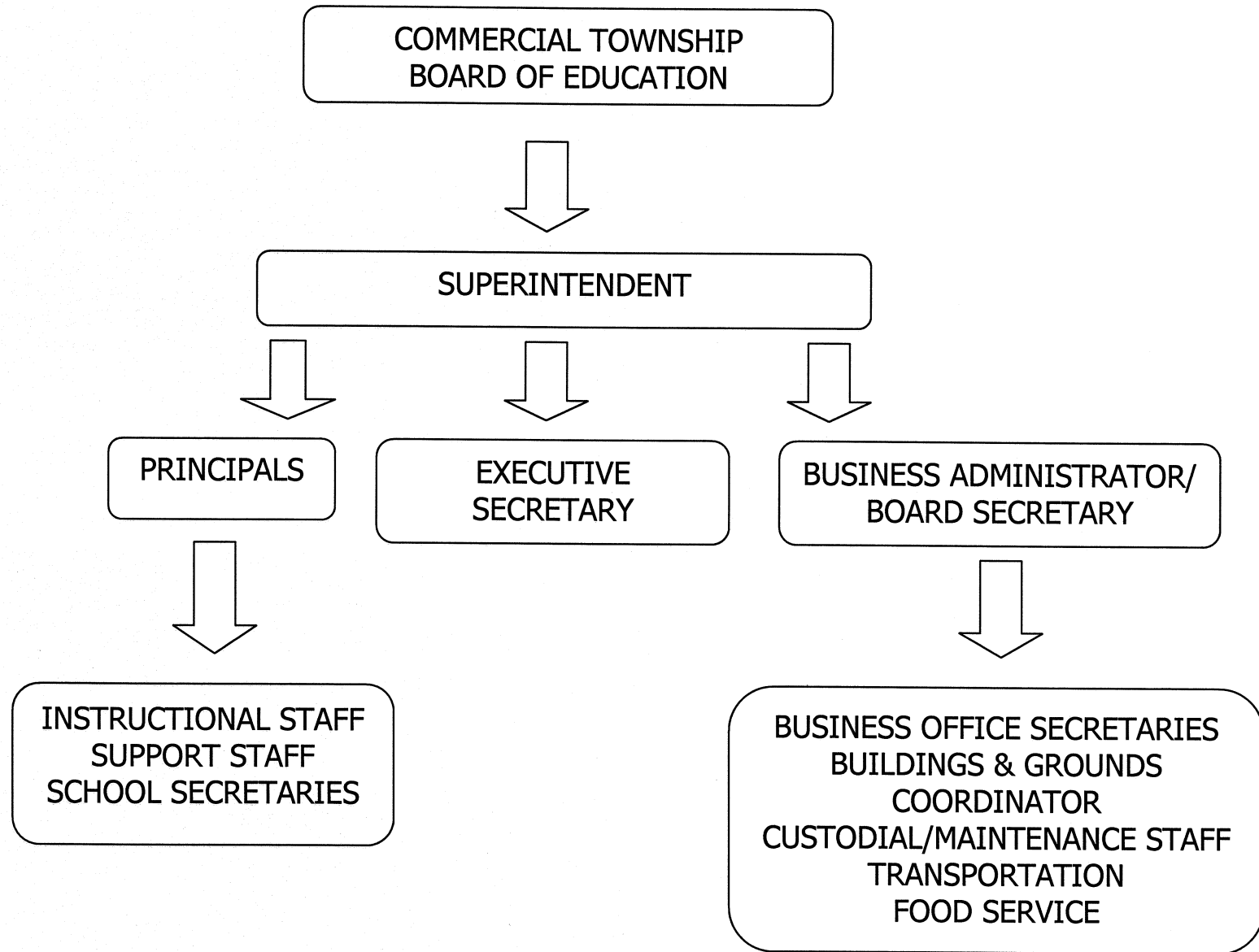
Shelly Schneider, Superintendent

A handwritten signature in cursive script, appearing to read "Pamela Zook".

Pam Zook, Board Secretary



## COMMERCIAL TOWNSHIP PUBLIC SCHOOLS ORGANIZATION CHART



**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**PORT NORRIS, NEW JERSEY**

**ROSTER OF OFFICIALS**

**JUNE 30, 2013**

<b><u>MEMBERS OF THE BOARD OF EDUCATION</u></b>	<b><u>TERM EXPIRES</u></b>
Carol Perrelli, President	2015
Melissa Chamberlain, Vice President	2013
Julie Baum-Abbott	2013
Guy Defrabrites	2013
William Gatier	2015
Rita Pettit	2014
Marida Tindell	2014
Lewis Tomlin	2015
Stacy Wilson-Smith	2014

**OTHER OFFICIALS**

Shelly Schneider, Superintendent

Pam Zook, Board Secretary

Frank DiDomenico, Solicitor

**TOWNSHIP OF COMMERCIAL BOARD OF EDUCATION**  
**CONSULTANTS AND ADVISORS**

**ARCHITECT**

**Manders & Merighi Associates**  
1138 East Chestnut Avenue  
Vineland, New Jersey 08360

**AUDIT FIRM**

**Raymond Colavita, CPA, RMA, PSA**  
**Nightlinger, Colavita and Volpa, PA**  
P.O. Box 799  
Williamstown, NJ 08094

**ATTORNEY**

**Frank DiDomenico**  
8 Lasalle Drive, PO Box 1356  
Vineland, NJ 08362

**OFFICIAL DEPOSITORY**

**Susquehanna Bank**  
114 N. Main Street  
Mullica Hill, NJ 08062

**INSURANCE AGENCY**

**The Hardenbergh Insurance Agency, Inc.**  
1000 Plaza at Main Street  
Voorhees, NJ 08043

## **FINANCIAL SECTION**

# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association*

*Certified Public Accountants*

991 S. Black Horse Pike  
P.O. Box 799  
Williamstown, NJ 08094

(856) 629-3111  
Fax (856) 728-2245

October 30, 2013

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Commercial Township School District  
County of Cumberland, New Jersey 08349

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Township of Commercial School District in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2013, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation of financial statements that are free from misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements as prescribed by the office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Township of Commercial Board of Education in the County of

Cumberland, State of New Jersey, as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **New Accounting Standards**

As discussed in Note 2 to the financial statements, during the fiscal year ended June 30, 2013, the School District adopted the following new accounting standards issued by the Governmental accounting Standards Board (GASB): Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to these matters.

### **Other Matters**

#### *Required Supplementary Information*

The Management Discussion and Analysis and Budgetary Comparison Information on pages 11 through 20 and 58 through 64 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Commercial Board of Education's, financial statements as a whole. The introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy For Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the financial statements.

The schedule of expenditures of federal and state awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

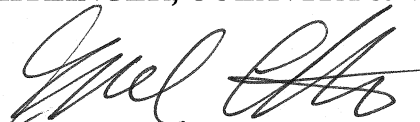
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued a report dated October 30, 2013 on our consideration of the Township of Commercial Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governments Auditing Standards and should be considered in assessing the results of our audit.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**

A handwritten signature in black ink, appearing to read 'Raymond Colavita', is written over the printed name.

Raymond Colavita, C.P.A., R.M.A.  
Licensed Public School Accountant  
No. 915

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**



COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
COMMERCIAL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

UNAUDITED

The discussion and analysis of Commercial Township Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2013 are as follows:

- ❖ General revenues accounted for \$12,421,457 in revenue or 83.5% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,446,649 or 16.5% of total revenues of \$14,868,106.
- ❖ Total Net Position of governmental activities totaled \$4,032,117.
- ❖ Net Capital Assets of governmental activities comprised \$4,714,157.
- ❖ The School District had \$15,759,839 in program expenses. These expenses were offset by program specific charges for services, grants or contributions of \$2,446,649 mentioned above in arriving at the net governmental activity expenses of the district. General revenues comprising federal and state aid of \$10,440,131, property taxes of \$1,845,719 and other miscellaneous revenues and adjustments of \$135,607 were not adequate to provide for the programs maintained by the school. Federal and state aid declined by \$611,799.
- ❖ The General Fund had \$12,901,652 in revenues, \$13,481,072 in expenditures and other financing use reductions of \$31,986. The General Fund's balance decreased \$611,406 over 2012. This decrease was anticipated by the Board of Education.

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Commercial Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Commercial Township School District, the General Fund is by far the most significant fund.

## **Reporting the School District as a Whole**

### **Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's Net Position and how they have changed. This change in Net Position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- ❖ **Governmental Activities** – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. There are two school buildings maintained by the District, which are the Port Norris Middle School and the Haleyville Elementary School.
- ❖ **Business – Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

The analysis of the School District's major (all) funds begins on page 23. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

### **Governmental Funds**

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

## Governmental Funds (Continued)

The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

## Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore these statements are essentially the same. The Food Service fund is the only enterprise fund maintained by the district.

## The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole, which includes the Business-type Activities.

Table 1 provides a comparative summary of the School District's Net Position for the years ended in 2012 and 2013.

Table 1  
Net Position

	2013	2012
<b>Assets</b>		
Current and Other Assets	\$ 1,527,761	\$ 1,761,093
Capital Assets, Net	6,774,342	7,306,013
Total Assets	8,302,103	9,067,106
<b>Liabilities</b>		
Long-term Liabilities	3,994,725	3,764,992
Other Liabilities	199,788	218,784
Total Liabilities	4,194,513	3,983,776
<b>Net Position</b>		
Invested in Capital Assets, Net of Debt	4,731,849	4,982,960
Restricted	981,597	1,021,338
Unrestricted	(1,605,856)	(920,968)
Total Net Position	\$ 4,107,590	\$ 5,083,330

Table 2 shows the changes in Net Position from fiscal year's 2013 and 2012.

Table 2  
Changes in Net Position

	2013	2012
<b>Revenues</b>		
Programs Revenues		
Charges for Services	\$ 87,574	\$ 76,088
Operating Grants and Contributions	2,359,075	2,219,728
General Revenues		
Property Taxes	1,845,719	1,792,803
Grants and Entitlements	10,440,131	11,051,930
Other	135,607	28,823
<b>Total Revenues</b>	<b>14,868,106</b>	<b>15,169,372</b>
<b>Program Expenses</b>		
Instruction	3,929,689	4,328,036
Support Services		
Tuition	4,895,951	3,448,826
Pupils and Instructional Staff	860,192	942,783
General Administration, School		
Administration, Business	771,560	870,461
Operations and Maintenance of Facilities	769,215	835,641
Pupil Transportation	851,737	802,161
Employee Benefits	2,613,197	2,513,003
Interest on Debt	76,918	78,086
Enterprise Funds	452,630	469,705
Other	538,750	547,550
<b>Total Expenses</b>	<b>15,759,839</b>	<b>14,836,252</b>
<b>Increase in Net Position</b>	<b>\$ (891,733)</b>	<b>\$ 333,120</b>

### Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Of the District's \$14,868,106 in total revenues for the fiscal year ended June 30, 2013, property taxes made up 12.4% of the revenues raised for governmental activities. Federal, state and local grants accounted for another 86.1% and other revenues, net of adjustments made up 1.5%. The total cost of all program and services was \$15,759,839, of which the net amount spent on governmental activities was \$13,290,750. Of this amount, Instruction comprised 23.4%.

## Business-Type Activities

Revenues for the District's business-type activities (food service program and extended day program) were comprised of charges for services and federal and state reimbursements.

- ❖ Food service expenses exceeded revenues by \$34,186 and Extended Day revenues exceeded expenses by \$11,746.
- ❖ To offset the food services deficit, the General Fund subsidized the food service operation by \$32,116 and the fund ended the year with a net negative change of \$2,070. The District will continue to identify a means to bring the food service cost to the district under control.
- ❖ Charges for services in the food service fund represent \$51,247 of revenue. This represents amount paid by patrons for daily food services or 13% of the revenue in the food service fund. Service charges for the Extended Day program were \$36,627.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$342,616, which represents 87% of the revenue.

## Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	<u>Total Cost of Services 2013</u>	<u>Net Cost of Services 2013</u>	<u>Total Cost of Services 2012</u>	<u>Net Cost of Services 2012</u>
Instruction	\$ 3,929,689	\$ 3,108,211	\$ 4,328,036	\$ 3,673,843
Support Services				
Tuition	4,895,951	4,895,951	3,448,826	3,448,826
Pupils and Instructional Staff	860,192	608,175	942,783	563,592
General Administration, School				
Administration, Business	771,560	771,560	870,461	870,461
Operation and Maintenance of Facilities	769,215	769,215	835,641	835,641
Pupil Transportation	851,737	851,737	802,161	802,161
Employee Benefits	2,613,197	1,670,233	2,513,003	1,676,748
Interest and Fiscal Charges	76,918	76,918	87,602	87,602
Other	538,750	538,750	538,034	538,034
Total Expenses	<u>\$ 15,307,209</u>	<u>\$ 13,290,750</u>	<u>\$ 14,366,547</u>	<u>\$ 12,496,908</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School district which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization.

### **The School District's Funds**

Information about the School District's major funds starts on page 23. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$14,437,777 and expenditures of \$15,012,439. The net negative change in fund balance for the year was (\$606,778), which included the transfer to the food service fund of \$32,116. The School District was not able to meet current operating costs during the current fiscal year.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding capital projects and permanent fund expenditures) for the fiscal year ended June 30, 2013, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2012</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 1,975,351	13.7%	\$ 154,722	8.5%
State Sources	11,567,605	80.2%	130,449	1.1%
Federal Sources	888,985	6.2%	(290,690)	-24.6%
Total	<u>\$ 14,431,941</u>	<u>100.0%</u>	<u>\$ (5,519)</u>	<u>0.0%</u>

The increase in Local Sources is attributed to increases in the local tax levy of \$52,916, tuition of \$15,218 and miscellaneous revenue of \$89,846, offset by a decrease in interest earnings of \$3,258.

The increase in State Sources is attributed to higher general fund state aid of \$159,243, offset by reduced state grants for special projects of \$25,914 and debt service aid of \$2,880.

The decrease in Federal Sources is attributed to decreases in various grant awards of \$290,690.

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2013.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2012</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 3,929,689	26.2%	\$ (398,347)	-9.2%
Undistributed Expenditures	10,713,057	71.4%	1,142,837	11.9%
Capital Outlay	11,029	0.1%	(30,938)	-73.7%
Debt Service:				
Principal	280,560	1.9%	2,087	0.7%
Interest	74,113	0.5%	(6,988)	-8.6%
Total	<u>\$ 15,008,448</u>	<u>100.0%</u>	<u>\$ 708,651</u>	<u>5.0%</u>

The decrease in Current – Instruction is attributed to decreases in regular instruction of \$748,124 and other instruction of \$301, offset by increases in special education instruction of \$294,995 and other special instruction of \$55,083,.

The increase in Current – Undistributed Expenditures is attributed to increases in District Tuition of \$1,447,125, and Pupil Transportation of \$49,576, offset by reductions in Student and Instruction Related Services of \$82,591, School Administrative Services of \$97,525, Plant Operations and Maintenance of \$66,426 and 841 Employee Benefits of \$107,322.

The decrease in capital outlay is attributed to decreases in equipment purchases and construction services of \$30,938.

The decrease in debt service is attributed to decreased outstanding debt obligations of \$4,091.

### **General Fund Budgeting Highlights**

The School District's Budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

### General Fund Budgeting Highlights (Continued)

During the course of the fiscal year 2013, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

Some of the normal budgetary situations requiring attention during the year are:

- ❖ Staffing changes based on student needs.
- ❖ Additional costs for student transportation both in regular education and special education.
- ❖ Accounting changes in maintenance and operations
- ❖ Changes in appropriations to prevent budget overruns.

While the District's final budget for the general fund anticipated that revenues, including surplus appropriated, would roughly equal expenditures, the actual results for the year show an actual decrease in fund balance of \$642,672.

- ❖ Actual revenues were \$119,024 more than expected (excluding On-Behalf pension and social security state aid of \$843,756), due primarily to interest and miscellaneous revenue.
- ❖ The actual expenditures were \$306,382 more than expected, which included the effects of state On-Behalf pension and social security aid of \$843,756, partially offset by favorable variances in various budget appropriations of \$537,374.

### Capital Assets

At the end of the fiscal year 2013, the School District had \$6,774,342 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2012 balances compared to 2013.

Table 4  
Capital Assets (Net of Depreciation) at June 30

	2013	2012
Land	\$ 14,877	\$ 14,877
Land Improvements	523,056	598,360
Building and Improvements	5,838,881	6,211,740
Equipment	397,528	481,036
Totals	<u>\$ 6,774,342</u>	<u>\$ 7,306,013</u>

Overall capital assets decreased \$531,671 from fiscal year 2012 to fiscal year 2013. Increases in capital assets of \$9,149 were offset by depreciation expense of \$540,820.



## Debt Administration

At June 30, 2013, the School District had \$3,968,650 as outstanding debt. Of this amount, \$975,902 is for compensated absences, \$87,748 for NJEDA Loans, \$950,000 was for short-term working capital and the balance of \$1,955,000 is for refunding bonds dated 11/17/09.

At June 30, 2013, the School District's overall legal debt margin was \$7,835,770 and the unvoted debt margin was \$5,793,022, or 73.9% of the total amount permitted by statute. The detail of the open debt issues is as follows:

	<b>Date of Issue</b>	<b>Amount of Issue</b>	<b>Outstanding at June 30, 2013</b>
Construction of additions and renovations to schools	8/18/93	\$ 692,500	\$ 36,444
Construction of additions and renovations to schools	8/18/93	692,500	51,304
Construction of additions and renovations to schools	11/17/2009	2,370,000	1,955,000

## For the Future

The financial outlook for the district is fair. A major concern is the continued increases in mandated expenditures, the reduction in federal aid and the level of surplus needed to fund the budget, putting increased reliance on local property taxes or other aid. Future finances are not without challenges as expenditures continue to grow and state funding is not keeping pace or decreasing.

The Commercial Township School District has experienced difficulty in getting the school budget passed by the voters in recent years. The contributing factors are continued flat funding from the state with continued rising costs to run our schools.

Commercial Township is primarily a residential community, with very few ratables and the burden is, therefore, focused on homeowners to absorb the cost through higher taxes.

During the budget process, it was a concern to the Administration and Board of Education how future budgets would be financed. Therefore, the Board of Education and Administration are constantly looking at ways to decrease the spending while continuing to provide the best possible education for our students.

In conclusion, the Commercial Township School District has committed itself to responsible fiscal management and plans to continue to meet the challenges of the future. In addition, the School District's system for financial planning, budgeting, and internal financial controls are maintained in accordance with state statutes.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Pamela Zook School Business Administrator/Board Secretary at Commercial Township Board of Education, Port Norris, N.J. or email at [zookp@commercial.k12.nj.us](mailto:zookp@commercial.k12.nj.us)

## **BASIC FINANCIAL STATEMENTS**

## **DISTRICT WIDE FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	<b><u>Governmental</u></b> <b><u>Activities</u></b>	<b><u>Business-type</u></b> <b><u>Activities</u></b>	<b><u>Total</u></b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,056,582	\$ 45,210	\$ 1,101,792
Receivables, Net	277,396	26,741	304,137
Interfund Receivable	16,770		16,770
Inventory		15,098	15,098
Restricted Assets:			
Cash and Cash Equivalents	39,108		39,108
Capital Reserve Account - Cash	50,856		50,856
Capital Assets, Net (Note 5):	6,756,650	17,692	6,774,342
Total Assets	<u>8,197,362</u>	<u>104,741</u>	<u>8,302,103</u>
<b>LIABILITIES</b>			
Accounts Payable	134,498	378	134,876
Accrued Interest	29,549		29,549
Unearned Revenue	32,548	2,815	35,363
Non-current Liabilities (Note 6):			
Due within one year	1,423,321	6,097	1,429,418
Due beyond one year	2,545,329	19,978	2,565,307
Total Liabilities	<u>4,165,245</u>	<u>29,268</u>	<u>4,194,513</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	4,714,157	17,692	4,731,849
Restricted for:			
Debt Service	39,108		39,108
Capital Projects	74,614		74,614
Other Purposes	867,875		867,875
Unrestricted	(1,663,637)	57,781	(1,605,856)
Total Net Position	<u>\$ 4,032,117</u>	<u>\$ 75,473</u>	<u>\$ 4,107,590</u>

**The accompanying Notes to Financial Statements are an integral part of this statement.**

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 3,161,789	\$ -	\$ 821,478	\$ (2,340,311)	\$ -	\$ (2,340,311)
Special Education	695,940			(695,940)		(695,940)
Other Special Instruction	62,530			(62,530)		(62,530)
Other Instruction	9,430			(9,430)		(9,430)
Support Services:						
Tuition	4,895,951			(4,895,951)		(4,895,951)
Student & Instruction Related Services	860,192		252,017	(608,175)		(608,175)
General and Business Administrative Service	287,624			(287,624)		(287,624)
School Administrative Services	309,154			(309,154)		(309,154)
Central Services	117,424			(117,424)		(117,424)
Admin Info Tech	57,358			(57,358)		(57,358)
Plant Operations and Maintenance	769,215			(769,215)		(769,215)
Pupil Transportation	851,737			(851,737)		(851,737)
Employee Benefits	2,613,197		942,964	(1,670,233)		(1,670,233)
Interest on Long-term Debt	76,918			(76,918)		(76,918)
Unallocated Depreciation	538,750			(538,750)		(538,750)
Total Governmental Activities	15,307,209		2,016,459	(13,290,750)		(13,290,750)
Business-type Activities:						
Food Service	428,049	51,247	342,616		(34,186)	(34,186)
Extended Day	24,581	36,327			11,746	11,746
Total Business-type Activities	452,630	87,574	342,616		(22,440)	(22,440)
Total Primary Government	\$15,759,839	\$ 87,574	\$ 2,359,075	\$ (13,290,750)	\$ (22,440)	\$ (13,313,190)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 1,698,811	\$ -	\$ 1,698,811
Taxes Levied for Debt Service				146,908		146,908
Federal, State and Local Aid not Restricted				10,440,131		10,440,131
Investment Earnings				3,948	139	4,087
Miscellaneous Income				131,520		131,520
Transfers - Food service				(32,116)	32,116	
Total General Revenues, Special Items, Extraordinary Items and Transfers				12,389,202	32,255	12,421,457
Change in Net Position				(901,548)	9,815	(891,733)
Net Position—Beginning (Restated)				4,933,665	65,658	4,999,323
Net Position—Ending				\$ 4,032,117	\$ 75,473	\$ 4,107,590

The accompanying Notes to Financial Statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS**

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

## **GOVERNMENTAL FUNDS**



**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 722,947	\$ -	\$ 324,228	\$ 39,108	\$ 1,086,283
Capital and Maintenance Reserve Account	50,856				50,856
Due from Other Funds	424,725				424,725
State Aid Receivable	44,019				44,019
Federal Aid Receivable	900	228,834			229,734
Other Accounts Receivable	3,643				3,643
Total Assets	<u>\$ 1,247,090</u>	<u>\$ 228,834</u>	<u>\$ 324,228</u>	<u>\$ 39,108</u>	<u>\$ 1,839,260</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 56,568	\$ 55,130	\$ 17,304	\$ -	\$ 129,002
Loan Payable	950,000				950,000
Due to Other Funds		188,005	210,543		398,548
Due to Grantor		5,496			5,496
Unearned Revenue		10,781	21,767		32,548
Total Liabilities	<u>1,006,568</u>	<u>259,412</u>	<u>249,614</u>		<u>1,515,594</u>
Fund Balances:					
Restricted For:					
Excess Surplus	584,774				584,774
Capital Reserve	255				255
Maintenance Reserve	122,500				122,500
Emergency Reserve	41,300				41,300
Designated for Subsequent Year's Expenditures:					
Excess surplus	88,309				88,309
Committed to Year-End Encumbrances	23,654				23,654
Assigned:					
Designated for Subsequent Year's Expenditures:	30,992			38,421	69,413
Unassigned, Reported in:					
General Fund	(651,262)				(651,262)
Special Revenue Fund		(30,578)			(30,578)
Capital Projects Fund			74,614		74,614
Debt Service Fund				687	687
Total Fund Balances	<u>240,522</u>	<u>(30,578)</u>	<u>74,614</u>	<u>39,108</u>	<u>323,666</u>
Total Liabilities and Fund Balances	<u>\$ 1,247,090</u>	<u>\$ 228,834</u>	<u>\$ 324,228</u>	<u>\$ 39,108</u>	

Amounts reported for *governmental activities* in the statement of  
Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and  
therefore are not reported in the funds. The cost of the assets  
is \$13,945,929 and the accumulated depreciation is \$7,189,279 (See Note 5) 6,756,650

Long-term liabilities, representing accrued interest, are not due and payable in the current  
period and therefore are not reported as liabilities in the funds. (29,549)

Long-term liabilities, including bonds payable, are not  
due and payable in the current period and therefore are not reported as  
liabilities in the funds (see Note 6). (3,018,650)

Net Position of Governmental Activities \$ 4,032,117

The accompanying Notes to Financial Statements are an integral part of this statement.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 1,698,811	\$ -	\$ -	\$ 146,908	\$ 1,845,719
Tuition - Other LEA'S	15,218				15,218
Interest Earned on Investments	3,818		130		3,948
Miscellaneous	109,620	976	5,706		116,302
Total - Local Sources	1,827,467	976	5,836	146,908	1,981,187
State Sources	11,054,726	304,429		208,450	11,567,605
Federal Sources	19,459	869,526			888,985
Total Revenues	12,901,652	1,174,931	5,836	355,358	14,437,777
<b>EXPENDITURES</b>					
Current:					
Regular Instruction	2,340,311	821,478			3,161,789
Special Education Instruction	695,940				695,940
Other Special Instruction	62,530				62,530
Other Instruction	9,430				9,430
Support Services:					
Tuition	4,895,951				4,895,951
Student & Instruction Related Services	608,175	252,017			860,192
General Administrative Services	287,624				287,624
School Administrative Services	309,154				309,154
Central Services	117,424				117,424
Admin Info Tech	57,358				57,358
Plant Operations and Maintenance	769,215				769,215
Pupil Transportation	851,737				851,737
Employee Benefits	2,465,194	99,208			2,564,402
Debt Service:					
Interest and Other Charges				74,113	74,113
Principal				280,560	280,560
Capital Outlay	11,029		3,991		15,020
Total Expenditures	13,481,072	1,172,703	3,991	354,673	15,012,439
Excess (Deficiency) of Revenues over Expenditures	(579,420)	2,228	1,845	685	(574,662)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers Out - Food Service	(32,116)				(32,116)
Transfers of Capital Project Interest	130		(130)		
Total Other Financing Sources and Uses	(31,986)		(130)		(32,116)
Net Change in Fund Balances	(611,406)	2,228	1,715	685	(606,778)
Fund Balance—July 1	851,928	(32,806)	72,899	38,423	930,444
Fund Balance—June 30	\$ 240,522	\$ (30,578)	\$ 74,614	\$ 39,108	\$ 323,666

**The accompanying Notes to Financial Statements are an integral part of this statement.**

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** **\$ (606,778)**

Amounts reported for governmental activities in the statement  
of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of  
activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.  
This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	\$ (538,750)	
Capital outlays	15,020	
		(523,730)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	195,000
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Reduction in NJEDA Loans Payable	85,560
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In the statement of activities, interest on long-term debt is accrued regardless of when it is due. In the governmental funds, interest is reported when due.	(2,805)
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In the statement of activities, certain operating expenses, e.g. compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).	(48,795)

<b>Change in Net Position of Governmental Activities (A-2)</b>	<b>\$ (901,548)</b>

**The accompanying Notes to Financial Statements are an integral part of this statement.**

## **PROPRIETARY FUNDS**

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2013**

	Business-type Activities - Enterprise Funds		
	Food Service	Extended Day	Totals
<b>ASSETS</b>			
Current Assets:			
Cash	\$	\$ 54,617	\$ 54,617
Accounts Receivable	23,199	3,542	26,741
Inventories	15,098		15,098
Total Current Assets	38,297	58,159	96,456
Fixed Assets:			
Equipment	167,407		167,407
Accumulated Depreciation	(149,715)		(149,715)
Total Fixed Assets	17,692		17,692
Total Assets	55,989	58,159	114,148
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable		378	378
Due to General Fund	9,407		9,407
Unearned Revenue	2,815		2,815
Compensated Absences	26,075		26,075
Total Current Liabilities	38,297	378	38,675
<b>NET POSITION</b>			
Invested in Capital Assets Net of Related Debt	17,692		17,692
Unrestricted		57,781	57,781
Total Net Position	\$ 17,692	\$ 57,781	\$ 75,473

The accompanying Notes to Financial Statements are an integral part of this statement.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Business-type Activities - Enterprise Fund		
	Food Service	Extended Day	Total Enterprise
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs:	\$ 31,724	\$	\$ 31,724
Daily sales Non-reimbursable Programs	19,523	36,327	55,850
	<hr/>	<hr/>	<hr/>
Total Operating Revenue:	51,247	36,327	87,574
	<hr/>	<hr/>	<hr/>
Operating Expenses:			
Salaries	147,522	23,333	170,855
Employee Benefits	54,287		54,287
Supplies and Materials	20,014	758	20,772
Depreciation	2,070		2,070
Cost of Sales	179,879		179,879
Management Fee	16,751		16,751
Repairs and Other Expenses	7,526	490	8,016
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	428,049	24,581	452,630
	<hr/>	<hr/>	<hr/>
Operating Income (Loss)	(376,802)	11,746	(365,056)
	<hr/>	<hr/>	<hr/>
Non-operating Revenues (Expenses):			
State Sources:			
State School Lunch Program	4,671		4,671
Federal Sources:			
National School Breakfast Program	68,266		68,266
National School Lunch Program	212,463		212,463
National Snack Program	8,114		8,114
Food Distribution Program	26,844		26,844
Fruit and Vegetable Grant	22,258		22,258
Interest		139	139
	<hr/>	<hr/>	<hr/>
Total Non-operating Revenues (Expenses)	342,616	139	342,755
	<hr/>	<hr/>	<hr/>
Income (Loss) before Contributions & Transfers	(34,186)	11,885	(22,301)
Transfers in (out)	32,116		32,116
	<hr/>	<hr/>	<hr/>
Change in Net Position	(2,070)	11,885	9,815
Total Net Position—Beginning	19,762	45,896	65,658
	<hr/>	<hr/>	<hr/>
Total Net Position—Ending	\$ 17,692	\$ 57,781	\$ 75,473
	<hr/>	<hr/>	<hr/>

The accompanying Notes to Financial Statements are an integral part of this statement.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Business-type Activities Enterprise Funds		
	Food Service	Extended Day	Total Enterprise
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 51,247	\$ 36,327	\$ 87,574
Payments to Employees	(147,522)	(23,333)	(170,855)
Payments for Employee Benefits	(54,287)		(54,287)
Payments to Suppliers	(207,349)	(3,996)	(211,345)
Net Cash Provided by (used for) Operating Activities	(357,911)	8,998	(348,913)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	4,671		4,671
Federal Sources	337,945		337,945
Operating Subsidies and Transfers to Other Funds	32,116		32,116
Net Cash Provided by (used for) Non-capital Financing Activities	374,732		374,732
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of Capital Assets			
Net Cash Provided by (used for) Capital and Related Financing Activities			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and Dividends		139	139
Net Cash Provided by (used for) Investing Activities		139	139
Net Increase (Decrease) in Cash and Cash Equivalents	16,821	9,137	25,958
Balances—Beginning of Year	(16,821)	45,480	28,659
Balances—End of Year	\$ -	\$ 54,617	\$ 54,617
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:</b>			
Operating Income (Loss)	\$ (376,802)	\$ 11,746	\$ (365,056)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities			
Depreciation and Net Amortization	2,070		2,070
(Increase) Decrease in Accounts Receivable, Net	(6,817)	(3,126)	(9,943)
(Increase) Decrease in Inventories	4,004		4,004
(Increase) Decrease in Interfund Receivable	4,349		
Increase (Decrease) in Accounts Payable	(1,830)	378	(1,452)
Increase (Decrease) in Due to General Fund	9,407		9,407
Increase (Decrease) in Unearned Revenue	(3,790)		(3,790)
Increase (Decrease) in Compensated Absences	11,498		11,498
Total Adjustments	18,891	(2,748)	11,794
Net Cash Provided by (used for) Operating Activities	\$ (357,911)	\$ 8,998	\$ (353,262)

Noncash Noncapital Financing Activities:

During the year, the District received \$24,070 of food commodities from the U. S. Department of Agriculture

**The accompanying Notes to Financial Statements are an integral part of this statement.**

## **FIDUCIARY FUNDS**



**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2013**

	<b><u>Unemployment Compensation Trust</u></b>	<b><u>Private Purpose Scholarship Fund</u></b>	<b><u>Agency Fund</u></b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 158,646	\$ 1,825	\$ 265,236
Certificates of Deposit		33,500	
Total Assets	<u>158,646</u>	<u>35,325</u>	<u>265,236</u>
<b>LIABILITIES</b>			
Interfunds Payable			16,770
Summer Reserve			216,695
Accounts Payable	16,037		
Payable to Student Groups			11,405
Payroll Deductions and Withholdings			20,366
Total Liabilities			<u>\$ 265,236</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 142,609</u>		
Reserved for Scholarships		<u>\$ 35,325</u>	

**The accompanying Notes to Financial Statements are an integral part of this statement.**

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b><u>Unemployment Compensation Trust</u></b>	<b><u>Private Purpose Scholarship Fund</u></b>
<b>ADDITIONS</b>		
Contributions:		
Plan Member	\$ 4,751	\$
Contributions	150,000	1,390
Other	240	52
	<hr/>	<hr/>
Total Additions	154,991	1,442
	<hr/>	<hr/>
<b>DEDUCTIONS</b>		
Scholarships Awarded		1,000
Unemployment Claims	107,685	
	<hr/>	<hr/>
Total Deductions	107,685	1,000
	<hr/>	<hr/>
Change in Net Position	47,306	442
Net Position—Beginning of the Year	95,303	34,883
	<hr/>	<hr/>
Net Position—End of the Year	\$ 142,609	\$ 35,325
	<hr/> <hr/>	<hr/> <hr/>

**The accompanying Notes to Financial Statements are an integral part of this statement.**

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Commercial Township School District (District) is organized under the Constitution of the State of New Jersey. The District operates under a locally elected Board form of government consisting of nine members elected to three-year terms, which are staggered. The District provides educational services as authorized by state and federal guidelines.

The District serves an area of thirty-four square miles. It is located in Cumberland County and provides education for all of Commercial Township's grades K through 8. The District currently operates two instructional buildings and an administrative building. The Commercial Township School District had an approximate enrollment at June 30, 2013 of 602 students.

**A. Reporting Entity:**

The Commercial Township School District is a Type II district as provided by statute of the State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-8.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

**B. New Accounting Standards:**

During fiscal year 2013, the District adopted the following GASB statements:

- GASB 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to provide additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This Statement is effective for periods beginning after June 15, 2012. The School District elected to early implement GASBS 61 effective for fiscal year 2013. The adoption of GASBS 61, however, does not have an impact on the School District's financial statements.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**  
**(CONT'D)**

**B. New Accounting Standards (Cont'd):**

- GASB 62, *Codification of Accounting and Financial reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect in a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items were previously reported as assets and liabilities and recognize, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 66, *Technical Corrections-2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions and No. 62, Codification of Accounting and Financial reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision- useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 25, *Financial reporting for Deferred Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No.50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (CONT'D)**

**B. New Accounting Standards (Cont'd):**

- GASB 68, *Accounting and Financial reporting for Pensions*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other state entities. This Statement replaces the requirements of Statement No.27, *Accounting for Pension Disclosures, and Local Governmental Employers*, as well as the requirements of Statement No.50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board of Education (Board) of Commercial Township School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB), unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement provides for the most significant change in financial reporting over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments).

In addition, the School District has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Descriptions*.

**A. Basis of Presentation:**

The District's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

District-wide Statements: The statement of net position and the statement of activities display information about the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activities of the District at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the District and for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses-expenses of the District related to the administration and support of the District's programs, such as personnel and accounting-are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey Districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among District financial reporting. The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available.

**B. Fund Accounting:**

The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**GOVERNMENTAL FUND TYPE**

The focus of governmental fund measurement is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The District reports the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**PROPRIETARY FUND TYPE**

The focus of Proprietary Fund measurement is on determination of net income, financial position and cash flows. The applicable generally accepted accounting principles are similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Fund Accounting (Cont'd):**

**PROPRIETARY FUND TYPE (CONT'D)**

**Enterprise (Food Service) Funds** - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Funds are comprised of the Food Service Fund and Extended Day Fund.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund Equipment	7 – 20 Years
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**Internal Service Fund** - The Commercial Township School District does not maintain an Internal Service Fund whereby services would be provided on a cost-reimbursement basis.

**FIDUCIARY FUND TYPE**

Fiduciary Funds include Expendable Trust, Nonexpendable Trust and Agency Funds. The measurement focus of the Expendable Trust Funds is the same as for governmental funds. The measurement focus of the Nonexpendable Trust Funds is similar to Proprietary Funds. Agency Funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The following is a description of the Fiduciary Funds of the School District:

**Trust and Agency Funds** - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.



**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Fund Accounting (Cont'd):**

**FIDUCIARY FUND TYPE (CONT'D)**

**Expendable Trust Fund** - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include Unemployment Compensation Insurance and a scholarship fund.

**Nonexpendable Trust Fund** - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District does not maintain a Nonexpendable Trust Fund.

**Agency Funds** - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

**C. Basis of Accounting and Measurement Focus:**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

*District-wide, Proprietary and Fiduciary Fund Financial Statements:* The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual, as under the New Jersey State Statute a municipality is required to remit to its School District the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District

is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**C. Basis of Accounting and Measurement Focus (Cont'd):**

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989. The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

**D. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds, which are submitted to the county office. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012 and to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2 (f) 1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

A reconciliation of the special revenue funds from the budgetary basis of accounting (as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds) to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types is shown on Exhibit C-2.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**E. Encumbrance Accounting:**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as unearned revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**F. Tuition Receivable:**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**G. Tuition Payable:**

Tuition charges for the fiscal years 2012-13, 2011-12 and 2010-11 were based on rates established by the receiving District. These rates are subject to change when the actual costs have been determined.

**H. Inventories and Prepaid Expenses:**

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as an expenditure during the year of purchase.

On District-wide financial statements and in the Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2013.

**I. Short -Term Interfund Receivables/Payables:**

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

**J. Lease Acquisition Costs:**

As part of any long-term lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will expensed when incurred in accordance with GASB Statement No. 65. There were no such leases for the year ended June 30, 2013.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**K. Assets, Liabilities and Equity:**

Transactions

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

Inventories

On District-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expensed when used. This includes \$2,815 in federal commodities on hand at June 30, 2013. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2013.

Inventory in the Food Service Fund at June 30, 2013 consisted of the following:

Food	\$ 12,927
Supplies	2,171
	<hr/>
	\$ 15,098
	<hr/>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

Capital Assets – The District is establishing a formal system of accounting for its capital assets. Capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. Capital assets acquired or constructed prior to June 30, 2003 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Capital assets are reflected as expenditures in the applicable governmental funds. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated in the District-wide financial statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building	40-50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**L. Compensated Absences:**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the General Long-Term Debt.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

**M. Unearned Revenue:**

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned.

**N. Operating Revenues and Expenses:**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

**O. Allocation of Indirect Expenses:**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are not reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**P. Extraordinary and Special Items:**

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**Q. Fund Equity:**

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

**R. Comparative Data/Reclassifications:**

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**S. Management Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**T. Accrued Liabilities and Long-term Obligations:**

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

**U. Fund Balance Reserves:**

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**V. Net Position:**

Net position represents the difference between assets and liabilities. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**W. Revenues – Exchange and Non-exchange Transactions:**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value. New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey School District's.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)**

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity for any discount or premium. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 3 requires the disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments.

**Deposits:**

New Jersey statutes require that School Districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School Districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

**Investments:**

New Jersey statutes (N.J.S.A.18A:20-37) permits the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the School District.



**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)**

As of June 30, 2013, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	<b><u>Cash and Cash</u></b>
	<b><u>Equivalents</u></b>
Checking accounts	\$ 1,617,463
Certificates of Deposit	<u>32,500</u>
Total	\$ <u>1,649,963</u>

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

**Custodial Credit Risk** - Custodial Credit Risk is the risk that, in the event of a bank failure, the School Districts deposits may not be returned to it. Although the School District does not have a formal policy regarding custodial credit risk, as described in Note 1: N.J.S.A. 17:9-41 et. Seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Protection Act. As of June 30, 2013, the School Districts bank balance of \$1,874,548 was insured or collateralized as follows:

Insured	\$ 250,000
Uninsured and collateralized with securities held by pledging financial institutions	<u>1,624,548</u>
	\$ <u>1,874,548</u>

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to losses in fair value arising in interest rate fluctuations.

**Credit Risk** - Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The District does not have a policy that restricts investment choices beyond Title 18A:20-37.

**Concentration of Credit Risk** - The District does not place a limit on the amount that may be invested in any one issuer. At June 30, 2013, investments are limited to Certificates of Deposit as follows:

<b><u>Type</u></b>	<b><u>Carrying</u></b>	<b><u>Market</u></b>
	<b><u>Amount</u></b>	<b><u>Value</u></b>
Certificate of Deposit	\$ <u>32,500</u>	\$ <u>32,500</u>

The investments recorded in the basic financial statements have been recorded at the carrying amount of which the difference between the carrying amount and market value is not material.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)**

**New Jersey Cash Management Fund** – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of June 30, 2013, the District had no funds on deposit with the New Jersey Cash Management Fund.

**NOTE 4. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Commercial Township Board of Education by inclusion of \$21,520 in the original 1998-99 annual capital outlay budget, which was certified for taxes, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity in the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance, July 1, 2012	\$255
Interest Earnings	
Deposits	
Withdrawals	—
Ending Balance, June 30, 2013	<u>\$255</u>

Of this amount, \$0 has been appropriated as revenue to fund the 2013-14 operating budget.

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2013 is \$477,528. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2013 was as follows:

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Adjustments/ Retirements</u></b>	<b><u>Ending Balance</u></b>
Governmental activities:				
Capital assets that are not being depreciated:				
Land	\$ 14,877	\$ -	\$ -	\$ 14,877
Total capital assets not being depreciated	14,877			14,877
Land Improvements	844,882			844,882
Building and building improvements	11,738,010	3,991		11,742,001
Machinery and equipment	1,339,011	5,158		1,344,169
Totals at historical cost	13,921,903	9,149		13,931,052
Less accumulated depreciation for :				
Land Improvements	(246,522)	(75,304)		(321,826)
Building and improvements	(5,526,270)	(376,850)		(5,903,120)
Equipment	(877,737)	(86,596)		(964,333)
Total accumulated depreciation	(6,650,529)	(538,750)		(7,189,279)
Total capital assets being depreciated, net of accumulated depreciation	7,271,374	(529,601)		6,741,773
<b>Government activities capital assets, net</b>	<b>\$ 7,286,251</b>	<b>\$ (529,601)</b>	<b>\$ -</b>	<b>\$ 6,756,650</b>
				<b>To A-1</b>
Business-type activities - Equipment	\$ 167,407			\$ 167,407
Less accumulated depreciation	(147,645)	(2,070)		(149,715)
<b>Business-type activities capital assets, net</b>	<b>\$ 19,762</b>	<b>\$ (2,070)</b>	<b>\$ -</b>	<b>\$ 17,692</b>

Depreciation expense was charged to governmental functions  
as follows:

Unallocated	\$ 538,750
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**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 6. GENERAL LONG-TERM DEBT**

During the fiscal year ended June 30, 2013 the following changes occurred in long-term obligations: was anticipated as revenue in the 2013-14 budget.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year	Long-term Portion
<b>Governmental Activities:</b>						
Bonds payable:						
General obligation debt	\$ 2,150,000	\$ -	\$ 195,000	\$ 1,955,000	\$ 195,000	\$ 1,760,000
NJEDA loans	173,308		85,560	87,748	87,748	-
Total bonds payable	2,323,308		280,560	2,042,748	282,748	1,760,000
<b>Other Liabilities:</b>						
Compensated absences payable	927,107	48,795		975,902	190,573	785,329
Total other liabilities	\$ 3,250,415	\$ 48,795	\$ 280,560	\$ 3,018,650	\$ 473,321	\$ 2,545,329
<b>To A-1</b>						
<b>Business-Type Activities:</b>						
Compensated absences payable	\$ 14,577	\$ 11,498		\$ 26,075	\$ 6,097	\$ 19,978

There is also a Short-term Loan in the amount of \$950,000, as of June 30, 2013.

**A. Bonds Payable** - Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

Principal and interest due on bonds outstanding at June 30, 2013 are as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 282,748	\$ 67,012	\$ 349,760
2015	195,000	61,238	256,238
2016	200,000	55,044	255,044
2017	210,000	47,894	257,894
2018	225,000	40,244	265,244
2019	235,000	32,072	267,072
2020	230,000	24,662	254,662
2021	235,000	15,638	250,638
2022	230,000	5,175	235,175
	<u>\$ 2,042,748</u>	<u>\$ 348,979</u>	<u>\$ 2,391,727</u>

**B. Bonds Authorized But Not Issued - As of June 30, 2012**      None.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 6. GENERAL LONG-TERM DEBT (CONT'D)**

**C. Capital Leases**

The District had no capital leases as of June 30, 2013.

**NOTE 7. OPERATING LEASES**

The District has commitments to lease copiers under operating leases that expire in 2017. Future minimum lease payments are as follows:

	<b><u>Amount</u></b>
Year ending June 30,	
2014	\$ 29,862
2015	29,862
2016	29,862
2017	<u>24,885</u>
Total future minimum lease payments	\$ <u>114,471</u>

**NOTE 8. PENSION PLANS**

**Description of Plans** - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits (PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at [http://www.state.nj.us/treasury/pensions/annrpts\\_archive.htm](http://www.state.nj.us/treasury/pensions/annrpts_archive.htm)

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 58A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 8. PENSION PLANS (CONT'D)**

**Public Employees' Retirement System** - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit plan which was established as of January 1, 1955. The PERS provides retirement, death, disability and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5.5% of their annual covered salary. Effective July 1, 2011, however, in accordance with Chapter 78, P.L. 2011, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The School District is billed annually for its normal contribution plus any accrued liability.

The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

<b><u>Public Employees Retirement System</u></b>					
<b><u>Fiscal Year</u></b>	<b><u>Normal Contribution</u></b>	<b><u>Accrued Liability</u></b>	<b><u>Total Liability</u></b>	<b><u>Non Contrib Ins</u></b>	<b><u>Paid by District</u></b>
2013	\$ 31,070	\$ 74,289	\$ 105,359	\$ 6,271	\$ 111,630
2012	37,693	75,387	113,080	7,205	120,285
2011	40,232	64,108	104,340	7,925	112,265

**Vesting and Benefit Provisions** - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service, or under the disability provisions of the System. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 8. PENSION PLANS (CONT'D)**

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for a 12 month period ending with each August 31 immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in a dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits (COLA) after 24 months of retirement.

**Significant Legislation** - P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

**Contribution Requirements** - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost - of - living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 8. PENSION PLANS (CONT'D)**

**Three-Year Trend Information for PERS**

<b><u>Year Funding</u></b>		<b><u>Annual Pension Cost (APC)</u></b>	<b><u>Percentage of APC Contributed</u></b>			<b><u>Net Pension Obligation</u></b>
6/30/13	\$	111,630	100	%	\$	111,630
6/30/12		120,285	100			120,285
6/30/11		112,265	100			112,265

**Three-Year Trend Information for TPAF (Paid on-behalf of the District)**

<b><u>Year Funding</u></b>		<b><u>Annual Pension Cost (APC)</u></b>	<b><u>Percentage of APC Contributed</u></b>			<b><u>Net Pension Obligation</u></b>
6/30/13	\$	572,203	100	%	\$	0
6/30/12		422,043	100			0
6/30/11		295,712	100			0

During the fiscal year ended June 30, 2013, the State of New Jersey contributed \$268,546 to the TPAF for pension contributions and \$303,657 for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$271,553 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

**NOTE 9. POST- RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c 62. Funding of post retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2011.



**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 10. COMPENSATED ABSENCES**

The School District accounts for compensated absences as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreement with the various employee unions.

In the District-wide Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components-the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of June 30, 2013, a liability existed for compensated absences in the governmental activities in the amount of \$975,902.

**NOTE 11. DEFERRED COMPENSATION**

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Travelers	Aflac	Lincoln Investment Planning, Inc.
Franklin	Midland National	American Express Financial

**NOTE 12. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has chosen to purchase insurance to transfer risk to outside parties.

**Property and Liability Insurance** - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 12. RISK MANAGEMENT (CONT'D)**

**New Jersey Unemployment Compensation Insurance** - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's trust fund for the current and prior two years:

<b><u>Fiscal Year</u></b>	<b><u>District Contributions</u></b>	<b><u>Employee Contributions</u></b>	<b><u>Amount Reimbursed</u></b>	<b><u>Ending Balance</u></b>
2012-2013	\$ 150,000	\$ 4,991	\$ 107,685	\$ 142,609
2011-2012	781	37,313	3,943	95,303
2010-2011	40,000	19,958	38,565	61,152

**NOTE 13. INTERFUND RECEIVABLES AND PAYABLES**

<b><u>Fiscal Year</u></b>	<b><u>Interfund Receivable</u></b>	<b><u>Interfund Payable</u></b>
General Fund	\$ 424,725	\$
Special Revenue fund		188,005
Capital Projects Fund		210,543
Food Service Fund		9,407
Trust and Agency Fund		16,770
Total	\$ 424,725	\$ 424,725

**NOTE 14. FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$240,522 General Fund balance at June 30, 2013, \$23,654 is reserved for encumbrances; \$255 has been reserved in the Capital Reserve Account, of which \$ has been withdrawn and appropriated and included as anticipated revenue for the year ended June 30, 2014; \$122,500 has been reserved in a Maintenance Account, of which \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2014; \$41,300 has been reserved in an Emergency Reserve; \$673,083 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; (\$88,309 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2014); \$30,992 in Assigned Fund Balance has been appropriated and also included as anticipated revenue for the year ending June 30, 2014; and there is a deficit in unreserved and undesignated fund balance of (\$651,262).

**Debt Service Fund** -The fund balance in the Debt Service Fund at June 30, 2013 is \$39,108, of which \$38,421 has been appropriated and also included as anticipated revenue for the year ending June 30, 2013 and \$687 is undesignated.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 15. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2005, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey School Funding Reform Act of 2008 (SFRA). New Jersey School Districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2013 is \$673,083 of which \$584,774 must be budgeted in the 2014-15 budget.

**NOTE 16. LITIGATION**

During the 2012-13 School Year, the District was involved with one claim, regarding a former student, that the Board intends to defend in Court. However, the Board does not feel its loss exposure from this claim is material. There was also one threatened claim, involving this same matter, that the District's Insurance Carrier would defend.

**NOTE 17. MAINTENANCE RESERVE**

The District also has a maintenance reserve in the amount of \$122,500 at June 30, 2013, of which none was anticipated as revenue in the 2013-14 budget.

**NOTE 18. EMERGENCY RESERVE**

The District also has an emergency reserve in the amount of \$41,300 at June 30, 2013, of which none was anticipated as revenue in the 2013-14 budget.

**NOTE 19. CAPITAL PROJECT**

On June 5, 2001, the voters of the School District approved by referendum acquisitions, improvements and additions in the amount of \$4,450,000 of which \$3,395,000 represents bonds issued on August 1, 2001, \$5,000 was realized in bond premium, \$1,000,742 was funded by the Early Childhood Program Capital Reserve Fund in fiscal year 2000-2001 and the remaining \$49,258 was funded in the 2001-2002 budget out of Fund Balance. The future interest and principal payments on this bond issue have been included in Note 5 to the financial statements (Long-Term Debt) contained herein. On July 9, 2002, the Commissioner of the New Jersey State Department of Education approved a transfer out in the amount of \$405,000 from Unrestricted General Fund Surplus to the Capital Projects Fund in accordance with N.J.S.A. 18A:22-8.2 and N.J.A.C. 6A:26-4.4 to supplement the proceeds from the District's bond authorization of \$4,450,000 which was approved by the voters on June 5, 2001.

As of June 30, 2013, there was an unspent balance of \$59,392, which relates to a 2001 project for additions to the two elementary schools.

In addition, there were four projects approved by the NJSDA in the 2009-10 school-year, with unspent balances of \$5,730, as of June 30, 2013.

In addition, there were two projects approved by the NJSDA and started in the 2011-12 school-year, with unspent balances of \$31,259 as of June 30, 2013.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 20. DEFICIT FUND BALANCES**

The District has a deficit in Unrestricted fund balance of (\$651,262) in the General Fund and (\$30,578) in the Special Revenue Fund as of June 30, 2013 as reported in the fund statements (modified accrual basis). P.L. 2004, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the General and Special Revenue Fund balances do not alone indicate that the district is facing financial difficulties.

Pursuant to *N.J.S.A.* 18A:22-44.2, any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District's general fund deficit is less than the last state aid payments of \$921,257. The special revenue fund deficit of \$30,578 is equal to the last state aid payments.

**NOTE 21. RECEIVABLES**

Receivables at June 30, 2013 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Receivables as of year-end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

Receivables:	General Fund	Special Revenue Fund	Proprietary Funds	Total
Intergovernmental	\$ 48,562	\$ 228,834	\$ 23,199	\$ 300,595
Other			3,542	3,542
Totals	\$ 48,562	\$ 228,834	\$ 26,741	\$ 304,137

**NOTE 22. SUBSEQUENT EVENTS**

There were no events between year-end and the date of the audit that require additional disclosure.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 23. RESTATEMENT**

On July 1, 2012 the Commercial Township Board of Education implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities". The Commercial Township Board of Education has determined that the effect of implementing these accounting changes on the financial statements previously reported as of and for the year ended June 30, 2012 was to eliminate the District-wide statement of net position the deferred charge related to debt issuance costs in the amount of \$84,007 with a corresponding reduction in the net investment in capital assets component of net position. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2012 from \$5,017,672 as originally reported to \$4,933,665 as adjusted for the effects of the change in accounting principle.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

## **BUDGETARY COMPARISON SCHEDULES**

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Original Budget</b>	<b>Budget Amendments/ Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 1,698,811	\$	\$ 1,698,811	\$ 1,698,811	\$ -
Tuition In-State LEA				15,218	15,218
Interest on Investments				3,818	3,818
Miscellaneous	20,000		20,000	109,620	89,620
Total - Local Sources	1,718,811		1,718,811	1,827,467	108,656
State Sources:					
Equalization Aid	9,108,267		9,108,267	9,108,267	
Categorical Special Education	467,229		467,229	467,229	
Categorical Security Aid	272,502		272,502	272,502	
Adjustment Aid	141,040		141,040	141,040	
Transportation	173,417		173,417	173,417	
Extraordinary Aid				12,059	12,059
Non-Public Transportation Aid				5,190	5,190
On-behalf TPAF Post Retirement Medical Contribution				303,657	303,657
On-behalf TPAF Pension Contribution				268,546	268,546
Reimbursement TPAF Social Security				271,553	271,553
Total - State Sources	10,162,455		10,162,455	11,023,460	861,005
Federal Sources:					
Medicaid Assistance (SEMI)	25,440		25,440	18,559	(6,881)
Education Jobs Fund		900	900	900	
	25,440	900	26,340	19,459	(6,881)
<b>TOTAL REVENUES</b>	<b>\$ 11,906,706</b>	<b>\$ 900</b>	<b>\$ 11,907,606</b>	<b>\$ 12,870,386</b>	<b>\$ 962,780</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
Instruction - Regular Programs:					
Salaries of Teachers:					
Preschool	\$ 46,550	\$ (9,100)	\$ 37,450	\$ 36,842	\$ 608
Kindergarten	280,689	(64,208)	216,481	215,508	973
Grades 1-5	1,507,863	(407,697)	1,100,166	1,100,165	1
Grades 6-8	680,360	123,809	804,169	798,858	5,311
Home Instruction:					
Salaries of Teachers	5,000	5,000	10,000	7,397	2,603
Purchased Educational Services		6,200	6,200	6,189	11
Regular Programs - Undistributed					
Instruction:					
Other Salaries for Instruction	124,461	(123,855)	606	606	
Purchased Technical Services	22,513	(20,163)	2,350		2,350
Other Purchased Services	25,000	57,915	82,915	81,131	1,784
General Supplies	45,963	25,425	71,388	67,578	3,810
Textbooks		22,600	22,600	22,205	395
Other Objects	5,000	(100)	4,900	3,832	1,068
Total Regular Programs	\$ 2,743,399	\$ (384,174)	\$ 2,359,225	\$ 2,340,311	\$ 18,914



**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Original Budget</b>	<b>Budget Amendments/ Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>CURRENT EXPENSES: (Continued)</b>					
<b>Special Education</b>					
Learning/Language Disabled:					
Instruction					
Salaries of Teachers	\$ 180,645	\$ 18,000	\$ 198,645	\$ 198,620	\$ 25
Other Salaries for Instructions	118,030	81,270	199,300	195,020	4,280
General Supplies	600		600		600
Total Learning/Language Disabled:	299,275	99,270	398,545	393,640	4,905
Resource Room:					
Salaries of Teachers	117,775	121,000	238,775	238,759	16
General Supplies		31,055	31,055	31,055	
Total Resource Room	117,775	152,055	269,830	269,814	16
Behavioral Disabilities:					
Salaries of Teachers		23,208	23,208	23,208	
Other Salaries for Instruction		9,278	9,278	9,278	
Total Behavioral Disabilities		32,486	32,486	32,486	
<b>TOTAL SPECIAL EDUCATION</b>	<b>417,050</b>	<b>283,811</b>	<b>700,861</b>	<b>695,940</b>	<b>4,921</b>
Bilingual Education - Instruction:					
Salaries of Teachers		62,530	62,530	62,530	
Total Bilingual Instruction:		62,530	62,530	62,530	
School Sponsored Co-curricular Activities:					
Salaries	10,000		10,000	2,282	7,718
Purchased Services		362	362	215	147
Supplies and Materials	4,000	(500)	3,500		3,500
Total School Sponsored Co-curricular Activities	14,000	(138)	13,862	2,497	11,365
School Sponsored Athletics:					
Salaries	10,000		10,000	3,692	6,308
Purchased Services		500	500	364	136
Supplies and Materials	5,000	(1,412)	3,588	2,827	761
Other Objects		1,050	1,050	50	1,000
Total School Sponsored Athletics	15,000	138	15,138	6,933	8,205
<b>Total Instruction</b>	<b>\$ 3,189,449</b>	<b>\$ (37,833)</b>	<b>\$ 3,151,616</b>	<b>\$ 3,108,211</b>	<b>\$ 43,405</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Original Budget</b>	<b>Budget Amendments/ Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>CURRENT EXPENDITURES: (Continued)</b>					
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEAs Within the State - Regular	\$ 3,002,163	\$ 674,342	\$ 3,676,505	\$ 3,667,507	\$ 8,998
Tuition - Other LEAs Within the State - Special	231,012	97,960	328,972	327,877	1,095
Tuition - County Voc Sch Dist Regular	7,500	6,000	13,500	13,481	19
Tuition - County Voc Sch Dist Special		19,200	19,200	19,150	50
Tuition - Co Spec Serv and Regional Day Schools	773,106	41,400	814,506	798,242	16,264
Tuition to Private Schools for the Disabled					
Within State	424,282	(313,294)	110,988.00	51,995	58,993
Tuition- Private Schls/Disab, other-Out-State	16,000	(5,847)	10,153		10,153
Tuition- State Facilities	17,699		17,699	17,699	
Total Undistributed Expenditures - Instruction	4,471,762	519,761	4,991,523	4,895,951	95,572
Attendance and Social Work Services:					
Salaries	5,276	14,260	19,536	19,442	94
Purch Prof/ Tech Services	2,000	(1,960)	40	32	8
Total Attendance and Social Work Services:	7,276	12,300	19,576	19,474	102
Health Services:					
Salaries	131,460	5,200	136,660	136,653	7
Purch Prof/ Tech Services		1,600	1,600	1,590	10
Other Purchased Services		200	200	136	64
Supplies and Materials	6,000	(1,800)	4,200	4,168	32
Total Health Services	137,460	5,200	142,660	142,547	113
Other Support Services - Students - Related Services:					
Purchased Prof - Education Services	43,000	97,954	140,954	140,954	
Supplies and Materials		100	100	47	53
Total Related Services	43,000	98,054	141,054	141,001	53
Special Education- Extraordinary Services					
Purchased Prof - Education Services	37,000	(800)	36,200	36,070	130
Total	37,000	(800)	36,200	36,070	130
Other Support Services - Students-Regular Guidance					
Salaries Other Professionals	135,950	(27,500)	108,450	107,690	760
Salaries of Secretarial and Clerical Assistants	44,116	(7,500)	36,616	34,572	2,044
Supplies and Materials		2,900	2,900	2,532	368
Total	180,066	(32,100)	147,966	144,794	3,172
Other Support Services - Students-Special Services:					
Purchased Professional - Educational Services	1,000		1,000	606	394
Supplies and Materials		800	800		800
Total	\$ 1,000	\$ 800	\$ 1,800	\$ 606	\$ 1,194

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Original Budget</b>	<b>Budget Amendments/ Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>CURRENT EXPENSES: (Continued)</b>					
<b>Undistributed Expenditures:</b>					
Improv. Instruction Services/Other Support					
Salary of Supervisor of Instruction	\$ 45,092	\$ 7,800	\$ 52,892	\$ 45,341	\$ 7,551
Salaries of Other Professional Staff		800	800	780	20
Other Salaries		500	500	481	19
Total Improvement Instruction Services/Other Support:	45,092	9,100	54,192	46,602	7,590
Educational Media Services/School Library:					
Salaries	56,030	(3,200)	52,830	52,745	85
Supplies and Materials	9,000		9,000		9,000
Total Educational Media Services/School Library:	65,030	(3,200)	61,830	52,745	9,085
Instructional Staff Training Services					
Salaries of Other Professional Staff		19,500	19,500	19,032	468
Purchased Professional and Educational Services	1,500		1,500	1,456	44
Other Purchased Services	2,000	9,496	11,496	1,079	10,417
Other Objects		3,350	3,350	2,769	581
Total Inst. Staff Training Services	3,500	32,346	35,846	24,336	11,510
Support Services General Administration:					
Salaries	214,843	(157,669)	57,174	57,108	66
Legal Services	5,000	10,208	15,208	15,208	
Audit Fees	22,000	(5,600)	16,400	16,400	
Architectural/Engineering Services	7,000	(4,790)	2,210	1,125	1,085
Other Purchased Professional Services	84,500	4,695	89,195	89,195	
Purchased Technical Services	2,000	(1,997)	3		3
Communication/Telephone	79,800	(3,003)	76,797	76,796	1
Miscellaneous Purchased Services	24,726	30	24,756	24,010	746
General Supplies		800	800	737	63
Miscellaneous Expenditures	11,000	(10,505)	495	495	
BOE Membership Dues and Fees	6,500	100	6,600	6,550	50
Total Support Services General Administration	457,369	(167,731)	289,638	287,624	2,014
Support Services School Administration:					
Salaries of Principals/Assistant Principals		199,241	199,241	181,254	17,987
Salaries of Secretarial and Clerical Assistants	100,238	10,100	110,338	110,324	14
Other Salaries	5,600	(3,200)	2,400	2,312	88
Purchased Professional and Technical Services	8,000	(2,800)	5,200	5,173	27
Other Purchased Services	1,500	3,400	4,900	4,637	263
Supplies and Materials	6,000	(510)	5,490	3,675	1,815
Other Objects	5,000	(2,700)	2,300	1,779	521
Total Support Services School Administration	126,338	203,531	329,869	309,154	20,715
Central Services					
Salaries	54,989	(54,075)	914		914
Purchased Professional Services	57,400	49,500	106,900	105,958	942
Purchased Technical Services	9,600		9,600	4,364	5,236
Miscellaneous Purchased Services	2,000	2,000	4,000	3,100	900
Supplies and Materials	1,500	450	1,950	1,877	73
Other Objects		2,125	2,125	2,125	
Total Central Services	125,489		125,489	117,424	8,065
Admin. Info. Technology					
Purchased Technical Services	60,000		60,000	57,358	2,642
Total Admin. Info. Technology	\$ 60,000	\$ -	\$ 60,000	\$ 57,358	\$ 2,642

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Original Budget</b>	<b>Budget Amendments/ Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>EXPENDITURES: (Continued)</b>					
<b>CURRENT EXPENSES: (Continued)</b>					
Required Maintenance for School Facilities:					
Increase in Maintenance Reserve	\$	\$	\$	\$	\$
Salaries		900	900	900	
Cleaning, Repair and Maintenance Services	128,500	(43,044)	85,456	79,001	6,455
General Supplies	40,700	(40,200)	500	234	266
Required Maintenance for School Facilities:	169,200	(82,344)	86,856	80,135	6,721
Custodial Services :					
Salaries	57,405	46,000	103,405	98,070	5,335
Purchased Professional and Maintenance Services	310,208	(7,550)	302,658	302,634	24
Cleaning, Repair, and Maintenance Services	15,000	20,544	35,544	35,181	363
Insurance	25,336	500	25,836	25,832	4
Miscellaneous Purchased Services	6,000	(1,400)	4,600	4,593	7
General Supplies	4,000	26,950	30,950	30,592	358
Energy (Natural Gas)	15,000	700	15,700	15,606	94
Energy (Electricity)	130,000	46,572	176,572	176,572	
Total Custodial Services	562,949	132,316	695,265	689,080	6,185
Total Operation and Maintenance of Plant Services	732,149	49,972	782,121	769,215	12,906
Undistributed Expenditures - Student Transportation Services:					
Salaries - Between Home & School - Regular	12,493	1,800	14,293	14,277	16
Management Fee - ESC & CTSA Transportation Programs	21,000	(9,000)	12,000	11,733	267
Contracted Services (Home/School) - Vendor	501,968	(16,200)	485,768	481,061	4,707
Contracted Services (not Home/School) - Vendors	23,500	(14,122)	9,378	7,833	1,545
Contracted Services (Home/School) - Joint Agreements		650	650	351	299
Contracted Services (Special Ed. Students) - ECS	276,200	14,300	290,500	290,072	428
Contracted Services - Aid in Lieu of Payments - Nonpublic	45,084	1,800	46,884	46,410	474
Total Student Transportation Services	880,245	(20,772)	859,473	851,737	7,736
Unallocated Benefits:					
Social Security Contributions	120,000	(45,000)	75,000	66,642	8,358
Other Retirement Contributions - PERS	121,000	(9,100)	111,900	111,630	270
Unemployment Compensation	300,000		300,000	150,000	150,000
Workers Compensation	69,733	(27,200)	42,533	40,095	2,438
Health Benefits	1,275,181	(54,600)	1,220,581	1,185,375	35,206
Tuition Reimbursement	30,000		30,000		30,000
Other Employee Benefits	31,000	98,900	129,900	67,696	62,204
Total Unallocated Benefits	1,946,914	(37,000)	1,909,914	1,621,438	288,476
On-behalf TPAF Pension Contributions				268,546	(268,546)
On-behalf TPAF Post Retirement Medical Contribution				303,657	(303,657)
Reimbursement TPAF Social Security				271,553	(271,553)
Total Personal Services - Employee Benefits	1,946,914	(37,000)	1,909,914	2,465,194	(555,280)
Total Undistributed Expenditures	9,319,690	669,461	9,989,151	10,361,832	(372,681)
<b>TOTAL EXPENDITURES - CURRENT EXPENSE</b>	<b>\$ 12,509,139</b>	<b>\$ 631,628</b>	<b>\$ 13,140,767</b>	<b>\$ 13,470,043</b>	<b>\$ (329,276)</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Original Budget</b>	<b>Budget Amendments/ Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>EXPENDITURES: (Continued)</b>					
<b>CAPITAL OUTLAY:</b>					
Equipment					
Undistributed Expenditures:					
Non-Instructional Services	\$	\$ 5,158	\$ 5,158	\$ 5,158	\$
Total Equipment		5,158	5,158	5,158	
Facilities Acquisition and Construction Services:					
Construction Services		22,894	22,894		22,894
Assessment for Debt Service on SDA Funding	5,871		5,871	5,871	
Total Facilities Acquisition and Construction Services	5,871	22,894	28,765	5,871	22,894
<b>TOTAL CAPITAL OUTLAY</b>	5,871	28,052	33,923	11,029	22,894
<b>TOTAL EXPENDITURES</b>	\$ 12,515,010	\$ 659,680	\$ 13,174,690	\$ 13,481,072	\$ (306,382)
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	\$ (608,304)	\$ (658,780)	\$ (1,267,084)	\$ (610,686)	\$ 656,398
Other financing sources (uses):					
Operating Transfer out - Food Service Deficit				(32,116)	(32,116)
Transfer to Charter Schools	(49,603)	49,603			
Operating Transfer - Interest on Capital Projects				130	130
Total Other Financing Sources	(49,603)	49,603		(31,986)	(31,986)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(657,907)	(609,177)	(1,267,084)	(642,672)	624,412
Fund Balances, July 1	1,804,451		1,804,451	1,804,451	
Fund Balances, June 30	\$ 1,146,544	\$ (609,177)	\$ 537,367	\$ 1,161,779	\$ 624,412
<b>RECAPITULATION:</b>					
<b>Reserved:</b>					
<b>Restricted Fund Balance:</b>					
Excess Surplus				\$ 584,774	
Excess Surplus - Designated for Subsequent Year's Expenditures				88,309	
Capital Reserve				255	
Maintenance Reserve				122,500	
Emergency Reserve				41,300	
<b>Committed Fund Balance:</b>					
Year-End Encumbrances				23,654	
<b>Assigned Fund Balance:</b>					
Designated for Subsequent Year's Expenditures				30,992	
<b>Unassigned Fund Balance</b>				269,995	
				1,161,779	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(921,257)	
Fund Balance per Governmental Funds (GAAP)				\$ 240,522	

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION JOBS FUND PROGRAM**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b><u>Original Budget</u></b>	<b><u>Budget Amendments/ Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual Favorable/ (Unfavorable)</u></b>
<b><u>Fund 18</u></b>					
Undistributed					
Required Maintenance for School Facilities					
Salaries		\$ 900	\$ 900	\$ 900	
Total Operation and Maintenance of Plant Services		900	900	900	
Total Undistributed Expenditures		900	900	900	
Total Education Jobs Fund - Fund 18		\$ 900	\$ 900	\$ 900	

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
<b>REVENUES:</b>					
Federal Sources	\$ 608,046	\$ 388,593	\$ 996,639	\$ 869,526	\$ 127,113
State Sources	305,316		305,816	302,201	3,615
Local Sources		1,000	1,000	976	24
<b>Total Revenues</b>	<b>913,362</b>	<b>389,593</b>	<b>1,303,455</b>	<b>1,172,703</b>	<b>130,752</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	555,757	(112,583)	443,174	436,800	6,374
Other Salaries for Instruction	78,586	30,278	108,864	105,590	3,274
Purchased Professional - Technical Services		237,294	237,294	198,000	39,294
Other Purchased Services					
Tuition		52,700	52,700	52,700	
Supplies and Materials	11,684	52,003	63,687	21,209	42,478
General Supplies	5,000.00	(4,184)	7,500	7,179	321
<b>Total Instruction</b>	<b>651,027</b>	<b>255,508</b>	<b>913,219</b>	<b>821,478</b>	<b>91,741</b>
<b>Support Services</b>					
Other Salaries		35,560	35,560	24,258	11,302
Employee Benefits	59,000	42,315	101,315	99,208	2,107
Purchased Professional & Technical Services - Other		23,050	23,050	17,983	5,067
Purchased Professional Ed Services	197,062	(14,952)	182,110	182,110	
Other Purchased Services		32,602	32,602	23,544	9,058
Travel	3,273		3,273	480	2,793
Supplies and Materials	3,000	9,326	12,326	3,642	8,684
<b>Total Support Services</b>	<b>262,335</b>	<b>127,901</b>	<b>390,236</b>	<b>351,225</b>	<b>39,011</b>
<b>Facilities Acquisition and Construction Services:</b>					
Construction Services					
<b>Total Facilities Acquisition and Construction Services</b>					
<b>Total Expenditures</b>	<b>913,362</b>	<b>390,093</b>	<b>1,303,455</b>	<b>1,172,703</b>	<b>130,752</b>
<b>Other Financing Sources (Uses)</b>					
<b>Total Outflows</b>	<b>913,362</b>	<b>390,093</b>	<b>1,303,455</b>	<b>1,172,703</b>	<b>130,752</b>
<b>Excess (Deficiency) of Revenues Over (Under)</b>					
<b>Expenditures and Other Financing Sources (Uses)</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**NOTES TO THE REQUIRED SUPPLEMENTARY  
INFORMATION**



**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGET-TO-GAAP RECONCILIATION**  
**NOTE TO RSI**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule	[C-1] \$ 12,870,386	[C-2] \$ 1,172,703
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that		
encumbrances are recognized as expenditures, and the related		
revenue is recognized.		
2012-13		-
2011-12		105,858
State aid payment recognized for GAAP statements in current year,		
previously recognized for budgetary purposes.	952,523	32,806
State aid payment recognized for budgetary purposes,		
not recognized for GAAP statements until the subsequent year.	(921,257)	(30,578)
Total revenues as reported on the statement of revenues, expenditures		
and changes in fund balances - governmental funds.	[B-2] \$ 12,901,652	[B-2] \$ 1,280,789
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the		
budgetary comparison schedule	[C-1] \$ 13,481,072	[C-2] \$ 1,172,703
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but		
not received are reported in the year the order is placed for		
<i>budgetary</i> purposes, but in the year the supplies are received		
for <i>financial reporting</i> purposes.		105,858
Transfers to and from other funds are presented as outflows of		
budgetary resources but are not expenditures		
for financial reporting purposes.		
Net transfers (outflows) to general fund		
Total expenditures as reported on the statement of revenues,		
expenditures, and changes in fund balances - governmental funds	[B-2] \$ 13,481,072	[B-2] \$ 1,278,561

## **OTHER SUPPLEMENTARY INFORMATION**

## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

**EXHIBIT E-1**  
(1)

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)**

	Mayor Book Club	NCLB			I.D.E.A. - Part B		Sub-Total Per E-1 (2)	Totals	
		Title I Part A	Title II Part A	Title VI Rural	Basic 2012-13	Pre- School 2012-13		2013	2012
		2012-13	2012-13						
<b>REVENUES:</b>									
Federal Sources		\$ 431,751	\$ 62,639	\$ 12,521	\$ 225,601	\$ 6,534	\$ 130,480	\$ 869,526	\$ 885,557
State Sources							302,201	302,201	328,060
Other	\$ 976							976	4,099
Total Revenues	976	431,751	62,639	12,521	225,601	6,534	432,681	1,172,703	1,217,716
<b>EXPENDITURES:</b>									
Instruction:									
Salaries of Teachers		191,772	51,390				193,638	436,800	357,063
Salaries - Other Instructional							105,590	105,590	87,052
Purchased Prof./Tech.Services		198,000						198,000	15,678
Other Purchased Services									2,286
Tuition					52,700			52,700	73,793
Supplies and Materials	976			12,521			7,712	21,209	204,533
General Supplies							7,179	7,179	6,176
Total Instruction	976	389,772	51,390	12,521	52,700		314,119	821,478	746,581
Support Services:									
Other Salaries							24,258	24,258	86,103
Personal Services-Employee Benefits		41,979	11,249				45,980	99,208	94,482
Purchased Prof/Tech Services							17,983	17,983	285
Purch. Prof.Ed.Services					172,901	6,534	2,675	182,110	242,159
Other Purchased Services							23,544	23,544	
Con Tran. Services							480	480	20,244
Supplies and Materials							3,642	3,642	26,762
Other Expenses									1,100
Total Support Services		41,979	11,249		172,901	6,534	118,562	351,225	471,135
Facilities Acquisition/Construction:									
Construction Services									
Instructional Equipment									
Total Facilities Acquisition/Construction									
Total Expenditures	\$ 976	\$ 431,751	\$ 62,639	\$ 12,521	\$ 225,601	\$ 6,534	\$ 432,681	\$ 1,172,703	\$ 1,217,716

**EXHIBIT E-1**  
(2)

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)**

	21ST CENTURY						Preschool Education 2012-13	Totals 2013
	2012-13 PN	HMS	HMS PY	PNS PY	PN IDEA 11-12	RTTT		
<b>REVENUES:</b>								
Federal Sources	\$ 45,039	\$ 35,938	\$ 8,561	\$ 17,882	\$ 1,435	\$ 21,625		\$ 130,480
State Sources							\$ 302,201	302,201
Other								
Total Revenues	45,039	35,938	8,561	17,882	1,435	21,625	302,201	432,681
<b>EXPENDITURES:</b>								
Instruction:								
Salaries of Teachers	16,520	10,611	2,097	6,253	1,201		156,956	193,638
Salaries - Other Instructional		9,686	1,494				94,410	105,590
Purchased Prof/Tech Serv								
Other Purchased Services								
Tuition								
Supplies & Materials		1,787	2,039	3,886				7,712
General Supplies							7,179	7,179
Total Instruction	16,520	22,084	5,630	10,139	1,201		258,545	314,119
Support Services:								
Other Salaries	11,297	11,427		1,300	234			24,258
Personal Services-Employee Benefits		2,427	2,931	121			40,501	45,980
Purchased Prof/Tech Services						17,983		17,983
Purch. Prof.Ed.Services							2,675	2,675
Other Purchased Services	17,222			6,322				23,544
Travel							480	480
Supplies and Materials						3,642		3,642
Total Support Services	28,519	13,854	2,931	7,743	234	21,625	43,656	118,562
Facilities Acquisition/Construction:								
Instructional Equipment								
Total Facilities Acquisition/Construction								
Total Expenditures	\$ 45,039	\$ 35,938	\$ 8,561	\$ 17,882	\$ 1,435	\$ 21,625	\$ 302,201	\$ 432,681

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**SPECIAL REVENUE FUND**  
**SCHEDULE OF PRESCHOOL EDUCATION AID**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 156,957	\$ 156,956	\$ 1
Other Salaries of Instruction	94,410	94,410	
General Supplies	7,500	7,179	321
<b>Total Instruction</b>	<u>258,867</u>	<u>258,545</u>	<u>322</u>
<b>Support Services:</b>			
Personal Services - Employee Benefits	40,501	40,501	
Purchased Professional - Educational Services	2,675	2,675	
Travel	3,273	480	2,793
Supplies & Materials	500		500
<b>Total Support Services</b>	<u>46,949</u>	<u>43,656</u>	<u>3,293</u>
<b>Facilities Acquisition and Const. Services:</b>			
Instructional Equipment			
Non Instructional Equipment			
<b>Total Facilities Acquisition and Const. Services</b>	<u></u>	<u></u>	<u></u>
<b>Contribution to Charter Schools</b>	<u></u>	<u></u>	<u></u>
<b>Total Expenditures</b>	<u>\$ 305,816</u>	<u>\$ 302,201</u>	<u>\$ 3,615</u>

**CALCULATION OF BUDGET AND CARRYOVER**

Total Revised 2012-13 Preschool Education Aid Allocation	\$ 305,816	(1)
Add: Actual ECPA/PEA Carryover (June 30, 2012)		(2)
Add: Budgeted Transfer from the General Fund 2012-13		(3)
Total Preschool Education Aid Funds Available for 2012-13 Budget	305,816	(4)
Less: 2011-12 Budgeted Preschool Education Aid ( including prior year budget carryover)	(305,816)	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2013	-	(6)
Add: June 30, 2013 Unexpended Preschool Education Aid	3,615	(7)
2012-13 Carryover - Preschool Education Aid Programs	<u>3,615</u>	(8)
2012-13 Preschool Education Aid Carryover Budgeted for Preschool Programs 2013-14	<u>\$</u>	(9)

## **CAPITAL PROJECTS FUND DETAIL STATEMENTS**

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

Project Title/Issue	DOE Project No.	Original Date	Prior Appropriations	2012-13 Appropriations	Expenditures to Date		Unexpended Balance	
					Prior Years	Current Year	June 30 2013	June 30 2012
Construction of classrooms and acquisition of other additions to the Haleyville-Mauricetown and Port Norris Schools		8/1/01	\$ 4,438,469	\$	\$ 4,379,077	\$	\$ 59,392	\$ 59,392
New Flooring in Classrooms and Offices	1002	6/23/10	54,987		54,237		750	750
Replacement of Existing Asphalt Drives and Parking Areas, Concrete Sidewalks, Doors and Hardware and Construction of New Fire Lane	1003	6/23/10	433,015		433,015			
New Floor Finishes in Existing Classrooms	1004	6/23/10	65,443		64,494		949	949
Parking Lot and Sidewalk Upgrades, New Site Drainage, New Doors and Hardware	1005	6/23/10	286,222		282,191		4,031	4,031
Repainting of Existing Glass Block at Harleysville - Mauricetown Elementary School	1001	7/23/10	230,830		195,580	3,991	31,259	35,250
Re-roofing Port Norris Elementary School	1002	9/10/10	204,700		204,700			
			<u>\$ 5,713,666</u>	<u>\$</u>	<u>\$ 5,613,294</u>	<u>\$ 3,991</u>	<u>\$ 96,381</u>	<u>\$ 100,372</u>
				Unearned SDA Funds		\$ 21,767		
				Unencumbered Balance		74,614		
						\$ 96,381		



**EXHIBIT F-2**

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**Revenues and Other Financing**

**Sources**

State Sources - SDA Grant	\$	
Interest		130
		<hr/>
Total Revenues		130
		<hr/>

**Expenditures and Other Financing**

**Uses**

Construction Services		3,991
		<hr/>
Total Expenditures		3,991
		<hr/>

Excess (Deficiency) of Revenues Over (Under) Expenditures		(3,861)
Prior Year Purchase Order Adjustment		
Transfer Interest to General Fund		(130)
		<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures		(3,991)
Fund Balance - Beginning		100,372
		<hr/>
Fund Balance - Ending	\$	96,381
		<hr/> <hr/>

**EXHIBIT F-2A**

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**PROJECT STATUS - BUDGETARY BASIS**  
**NEW FLOORING IN CLASSROOMS AND OFFICES**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 42,440	\$	\$ 42,440	\$ 42,440
Transfer from Capital Outlay	12,547		12,547	12,547
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	54,987		54,987	54,987
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditures and Other Financing Uses</b>				
Construction Services	54,237		54,237	54,987
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	54,237		54,237	54,987
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 750	\$	\$ 750	\$
	<hr/>	<hr/>	<hr/>	<hr/>

**Additional Project Information:**

Project Number	950-025-09-1002
Grant Date/ Letter of Notification	June 23, 2010
Bond Authorization Date	
Bond Authorized	
Bonds Issued	
Original Authorization Cost	\$54,987
Additional Authorized Cost	\$0.00
Revised Authorized Cost	\$54,987
Percentage Increase Over Original Authorized Cost	N/A
Percentage Completion	100.0%
Original Target Completion Date	August 20, 2010
Revised Target Completion Date	August 20, 2010

**EXHIBIT F-2B**

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**PROJECT STATUS - BUDGETARY BASIS**  
**REPLACEMENT OF EXISTING ASPHALT DRIVES AND PARKING AREAS,**  
**SIDEWALKS, DOORS AND FIRE LANE**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 193,062	\$	\$ 193,062	\$ 193,062
Transfer from Capital Outlay	239,953		239,953	239,953
Total Revenues	433,015		433,015	433,015
<b>Expenditures and Other Financing Uses</b>				
Construction Services	433,015		433,015	433,015
Total Expenditures	433,015		433,015	433,015
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$	\$	\$

**Additional Project Information:**

Project Number	950-025-09-1003
Grant Date/ Letter of Notification	June 23, 2010
Bond Authorization Date	
Bond Authorized	
Bonds Issued	
Original Authorization Cost	\$433,015
Additional Authorized Cost	\$0.00
Revised Authorized Cost	\$433,015
Percentage Increase Over Original Authorized Cost	N/A
Percentage Completion	100.0%
Original Target Completion Date	August 21, 2009
Revised Target Completion Date	August 20, 2010

**EXHIBIT F-2C**

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**PROJECT STATUS - BUDGETARY BASIS**  
**NEW FLOOR FINISHES IN EXISTING CLASSROOMS**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 50,466	\$	\$ 50,466	\$ 50,466
Transfer from Capital Outlay	14,977		14,977	14,977
Total Revenues	65,443		65,443	65,443
<b>Expenditures and Other Financing Uses</b>				
Construction Services	64,494		64,494	65,443
Total Expenditures	64,494		64,494	65,443
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 949	\$	\$ 949	\$

**Additional Project Information:**

Project Number	950-025-09-1004
Grant Date/ Letter of Notification	June 23, 2010
Bond Authorization Date	
Bond Authorized	
Bonds Issued	
Original Authorization Cost	\$65,443
Additional Authorized Cost	\$0.00
Revised Authorized Cost	\$65,443
Percentage Increase Over Original Authorized Cost	N/A
Percentage Completion	100.0%
Original Target Completion Date	August 20, 2010
Revised Target Completion Date	August 20, 2010

**EXHIBIT F-2D**

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**PROJECT STATUS - BUDGETARY BASIS**  
**PARKING LOT AND SIDEWALK UPGRADES, SITE DRAINAGE, NEW DOORS AND HARDWARE**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 169,311	\$	\$ 169,311	\$ 169,311
Transfer from Capital Outlay	116,911		116,911	116,911
Total Revenues	286,222		286,222	286,222
<b>Expenditures and Other Financing Uses</b>				
Construction Services	282,191		282,191	286,222
Total Expenditures	282,191		282,191	286,222
Excess (Deficiency) of Revenues Over Under) Expenditures	\$ 4,031	\$	\$ 4,031	\$

**Additional Project Information:**

Project Number	950-025-09-1005
Grant Date/ Letter of Notification	June 23, 2010
Bond Authorization Date	
Bond Authorized	
Bonds Issued	
Original Authorization Cost	\$286,222
Additional Authorized Cost	\$0.00
Revised Authorized Cost	\$286,222
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100.0%
Original Target Completion Date	August 21, 2009
Revised Target Completion Date	August 21, 2009

**EXHIBIT F-2E**

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**PROJECT STATUS - BUDGETARY BASIS**  
**REPOINTING OF EXISTING GLASS BLOCK AT HALEYVILLE-MAURICETOWN**  
**ELEMENTARY SCHOOL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 179,902	\$	\$ 179,902	\$ 179,902
Transfer from Capital Outlay	50,928		50,928	50,928
Total Revenues	230,830		230,830	230,830
<b>Expenditures and Other Financing Uses</b>				
Construction Services	195,580	3,991	199,571	230,830
Total Expenditures	195,580	3,991	199,571	230,830
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 35,250	\$ (3,991)	\$ 31,259	\$

**Additional Project Information:**

Project Number	950-025-10-1001
Grant Date/ Letter of Notification	June 23, 2010
Bond Authorization date	
Bond Authorized	
Bonds Issued	
Original Authorization Cost	\$230,830
Additional Authorized Cost	\$0.00
Revised Authorized Cost	\$230,830

Percentage Increase Over Original

Authorized Cost	N/A
Percentage Completion	100.0%
Original Target Completion Date	August 30, 2011
Revised Target Completion Date	August 30, 2011

Note: The total project amount administered by the NJSDA is \$230,830 of which \$179,902 represents the grant from the State of New Jersey with the remaining \$50,928 being funded by the Board of Education.

**EXHIBIT F-2F**

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**PROJECT STATUS - BUDGETARY BASIS**  
**RE-ROOFING OF PORT NORRIS ELEMENTARY SCHOOL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 152,309	\$	\$ 152,309	\$ 152,309
Transfer from Capital Outlay	52,391		52,391	52,391
Total Revenues	204,700		204,700	204,700
<b>Expenditures and Other Financing Uses</b>				
Construction Services	204,700		204,700	204,700
Total Expenditures	204,700		204,700	204,700
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$	\$	\$
<b>Additional Project information:</b>				
Project Number	950-025-10-1002			
Grant Date/ Letter of Notification	September 10, 2010			
Bond Authorization date				
Bond Authorized				
Bonds Issued				
Original Authorization Cost	\$195,426			
Additional Authorized Cost	\$9,274			
Revised Authorized Cost	\$204,700			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	100.0%			
Original Target Completion Date	August 30, 2011			
Revised Target Completion Date	August 30, 2011			

## **PROPRIETARY FUND DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district’s board is that the costs of providing goods or services be financed through user charges.

**Food Services Fund** – This fund provides for the operation of food services in all schools within the school district.



**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**ENTERPRISE FUND**  
**COMBINING SCHEDULE OF NET POSITION**  
**AS OF JUNE 30, 2013 AND 2012**

	<b>Food Service Enterprise Fund</b>	<b>Extended Day Enterprise Fund</b>	<b>Totals 2013</b>	<b>2012</b>
<b>ASSETS:</b>				
Current Assets:				
Cash and Cash Equivalents	\$	\$ 54,617	\$ 54,617	\$ 28,659
Interfund Receivable				4,349
Accounts Receivable:				
State	576		576	232
Federal	22,623		22,623	16,150
Other		3,542	3,542	416
Inventories	15,098		15,098	19,102
Total Current Assets	38,297	58,159	96,456	68,908
Fixed Assets:				
Equipment	167,407		167,407	167,407
Accumulated Depreciation	(149,715)		(149,715)	(147,645)
Total Fixed Assets	17,692		17,692	19,762
Total Assets	55,989	58,159	114,148	88,670
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Payable		378	378	1,830
Due to General Fund	9,407		9,407	
Unearned Revenue	2,815		2,815	6,605
Compensated Absences	26,075		26,075	14,577
Total Current Liabilities	38,297	378	38,675	23,012
<b>NET POSITION:</b>				
Invested in Capital Assets Net of Related Debt	17,692		17,692	19,762
Unrestricted	-	57,781	57,781	45,896
Total Net Position	\$ 17,692	\$ 57,781	\$ 75,473	\$ 65,658

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**ENTERPRISE FUND**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<b><u>Food Service Enterprise Fund</u></b>	<b><u>Extended Day Enterprise Fund</u></b>	<b><u>Totals</u></b>	
			<b><u>2013</u></b>	<b><u>2012</u></b>
<b>OPERATING REVENUES:</b>				
Local Sources:				
Daily Sales - Reimbursable Programs:				
School Lunch Program	\$ 31,724	\$	\$ 31,724	\$ 33,278
Total Daily Sales - Reimbursable Programs	31,724		31,724	33,278
Daily Sales Non-Reimbursable Programs	19,523	36,327	55,850	42,810
Total Operating Revenue	51,247	36,327	87,574	76,088
<b>OPERATING EXPENSES:</b>				
Salaries	147,522	23,333	170,855	168,909
Employee Benefits	54,287		54,287	64,371
Supplies and Materials	20,014	758	20,772	25,824
Depreciation	2,070		2,070	2,070
Cost of Sales	179,879		179,879	179,305
Management Fee	16,751		16,751	16,351
Repairs and Other Expenses	7,526	490	8,016	12,875
Total Operating Expenses	428,049	24,581	452,630	469,705
Operating Income (Loss)	(376,802)	11,746	(365,056)	(393,617)
Non-Operating Revenues:				
State Sources:				
State School Lunch Program	4,671		4,671	4,839
Federal Sources:				
School Breakfast Program	68,266		68,266	74,319
National School Lunch Program	212,463		212,463	222,347
Snack Program	8,114		8,114	8,757
Food Distribution Program	26,844		26,844	17,721
Fruit and Vegetable Grant	22,258		22,258	22,106
Interest		139	139	516
Total Non-Operating Revenues	342,616	139	342,755	350,605
Net Income before Operating Transfers	(34,186)	11,885	(22,301)	(43,012)
Operating Transfer In	32,116		32,116	4,349
Net Income	(2,070)	11,885	9,815	(38,663)
Net Position - July 1	19,762	45,896	65,658	104,321
Net Position - June 30	\$ 17,692	\$ 57,781	\$ 75,473	\$ 65,658

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**ENTERPRISE FUND**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<b>Food Service Enterprise Fund</b>	<b>Extended Day Enterprise Fund</b>	<b>Totals</b>	
			<b>2013</b>	<b>2012</b>
Cash Flows from Operating Activities:				
Operating Income (Loss)	\$ (376,802)	\$ 11,746	\$ (365,056)	\$ (393,617)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:				
Depreciation	2,070		2,070	2,070
Change in Assets and Liabilities:				
(Increase)/ Decrease in Accounts Receivable	(6,817)	(3,126)	(9,943)	8,560
(Increase)/ Decrease in Inventory	4,004		4,004	(9,195)
(Increase)/ Decrease in Interfund Receivable	4,349		4,349	
Increase/(Decrease) in Accounts Payable	(1,830)	378	(1,452)	312
Increase/(Decrease) in Due to General	9,407		9,407	
Increase/(Decrease) in Unearned Revenue	(3,790)		(3,790)	4,726
Increase/(Decrease) in Compensated Absences	11,498		11,498	(553)
Net Cash Used by Operating Activities	(357,911)	8,998	(348,913)	(387,697)
Cash Flows from Noncapital Financing Activities:				
Cash Received from State and Federal Reimbursement:	342,616		342,616	350,089
Cancellation of Prior Year Accounts Receivable				
Operating Transfer from General Fund	32,116		32,116	
Net Cash Provided by Noncapital Financing Activities	374,732		374,732	350,089
Cash Flows from Capital & Related Financing Activities:				
Purchase of Capital Asset				
Cash Flows from Investing Activities:				
Other Local Revenue		139	139	516
Net Decrease in Cash and Cash Equivalents	16,821	9,137	25,958	(37,092)
Cash and Cash Equivalents, July 1 (Overdraft)	(16,821)	45,480	28,659	65,751
Cash and Cash Equivalents, June 30 (Overdraft)	\$ -	\$ 54,617	\$ 54,617	\$ 28,659

## **FIDUCIARY FUNDS DETAIL STATEMENTS**

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments an/or other funds.

**Student Activity Fund** – This agency fund is used to account for student funds held at the schools.

**Payroll Fund** – This agency fund is used to account for the payroll transactions of the school district.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**FIDUCIARY FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2013**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)**

	Expendable Trust Funds	Private Purpose Scholarship Fund	Agency		Total	
			Student Activity	Payroll	2013	2012
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$ 158,646	\$ 1,825	\$ 11,405	\$ 253,831	\$ 425,707	\$ 388,697
Certificate of Deposit		33,500			33,500	33,500
<b>Total Assets</b>	<b>\$ 158,646</b>	<b>\$ 35,325</b>	<b>\$ 11,405</b>	<b>\$ 253,831</b>	<b>\$ 459,207</b>	<b>\$ 422,197</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>Liabilities:</b>						
Interfund Payable - General Fund	\$	\$	\$	16,770	16,770	16,516
Accounts Payable	16,037				16,037	3,535
Summer Reserve				216,695	216,695	246,019
Payroll Deductions and Withholdings				20,366	20,366	12,595
Due to Student Groups			11,405		11,405	13,346
<b>Total Liabilities</b>	<b>16,037</b>		<b>11,405</b>	<b>253,831</b>	<b>281,273</b>	<b>292,011</b>
<b>Fund Balances:</b>						
<b>Reserved:</b>						
Principal Portion of Expendable Scholarship Fund		35,325			35,325	34,883
Unemployment Compensation	142,609				142,609	95,303
	<b>142,609</b>	<b>35,325</b>			<b>177,934</b>	<b>130,186</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 158,646</b>	<b>\$ 35,325</b>	<b>\$ 11,405</b>	<b>\$ 253,831</b>	<b>\$ 459,207</b>	<b>\$ 422,197</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**FIDUCIARY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2013 AND 2012**

	<b><u>Expendable Trust</u></b>			
	<b><u>Unemployment Funds</u></b>	<b><u>Scholarship Funds</u></b>	<b><u>Total 2013</u></b>	<b><u>Total 2012</u></b>
ADDITIONS:				
Contributions	\$ 150,000	\$ 1,390	\$ 151,390	\$
Employee Deductions	4,751		4,751	37,313
Investment Earnings	240	52	292	1,926
Total Additions	154,991	1,442	156,433	39,239
DEDUCTIONS:				
Total Deductions	107,685	1,000	108,685	4,443
Change in Net Position	47,306	442	47,748	34,796
Net Position - Beginning of the Year	95,303	34,883	130,186	95,390
Net Position - End of the Year	\$ 142,609	\$ 35,325	\$ 177,934	\$ 130,186

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**STUDENT ACTIVITY AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Balance July 1, 2012</b>	<b>Cash Receipts</b>	<b>Cash Disbursements</b>	<b>Accounts Payable 6/30/13</b>	<b>Balance June 30, 2013</b>
<b>ELEMENTARY SCHOOLS</b>					
Haleyville-Mauricetown	\$ 1,584	\$ 1,444	\$ 2,593	\$	\$ 435
Port Norris	182	3,488	2,493		1,177
Breakfast Fund	1,273	1,977	3,250		
General Fund	1,470	34	110		1,394
Performing Arts	8,385	6,413	6,400		8,398
Video Sales	18		18		
Multicultural	30		30		
ASP	357		357		
Basketball, PNS	46		46		
Bookfair, HMS	1				1
NJHS PNS		1,284	1,284		
Total Elementary Schools	<u>13,346</u>	<u>14,640</u>	<u>16,581</u>		<u>11,405</u>
<b>TOTAL ALL SCHOOLS</b>	<b><u>\$ 13,346</u></b>	<b><u>\$ 14,640</u></b>	<b><u>\$ 16,581</u></b>	<b><u>\$</u></b>	<b><u>\$ 11,405</u></b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**PAYROLL AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b><u>Balance</u></b> <b><u>7/1/2012</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance</u></b> <b><u>6/30/13</u></b>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 275,130	\$ 5,657,953	\$ 5,679,252	\$ 253,831
Total Assets	<u>\$ 275,130</u>	<u>\$ 5,657,953</u>	<u>\$ 5,679,252</u>	<u>\$ 253,831</u>
<b>LIABILITIES:</b>				
Interfund Payable - General Fund	\$ 16,516	\$ 254	\$	\$ 16,770
Summer Reserve Account	246,019	371,978	401,302	216,695
Payroll Deductions and Withholdings	12,595	5,285,721	5,277,950	20,366
Total Liabilities	<u>\$ 275,130</u>	<u>\$ 5,657,953</u>	<u>\$ 5,679,252</u>	<u>\$ 253,831</u>



## **LONG-TERM DEBT SCHEDULES**

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

**EXHIBIT I-1**

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**GENERAL LONG-TERM DEBT ACCOUNT GROUP**  
**STATEMENT OF SERIAL BONDS**  
**LOANS PAYABLE**  
**JUNE 30, 2013**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2013</u>
			<u>Date</u>	<u>Amount</u>					
School	8/18/1993	\$692,500	7/15/13	\$ 36,444.34	1.50%	\$ 72,891	\$	\$ 36,447	\$ 36,444
School	8/18/1993	692,500	07/15/13	51,303.89	5.29%	100,417		49,113	51,304
Refunding Bonds of 2009 to Refund Series 2001 Above	11/17/2009	2,370,000	8/1/13	195,000.00	2.000%				
			8/1/14	195,000.00	2.250%				
			8/1/15	200,000.00	4.000%				
			8/1/16	210,000.00	3.000%				
			8/1/17	225,000.00	4.000%				
			8/1/18	235,000.00	3.125%				
			8/1/19	230,000.00	3.250%				
			8/1/20	235,000.00	4.500%				
			8/1/21	230,000.00	4.500%	2,150,000		195,000	1,955,000
Totals						\$ 2,323,308	\$	\$ 280,560	\$ 2,042,748

**EXHIBIT I-3**

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 146,908	\$	\$ 146,908	\$ 146,908	\$
State Sources:					
Debt Service Aid Type II	208,450		208,450	208,450	
<b>TOTAL REVENUES</b>	<u>355,358</u>		<u>355,358</u>	<u>355,358</u>	
<b>EXPENDITURES:</b>					
Regular Debt Service					
Interest	74,800		74,800	74,113	687
Redemption of Principal	280,560		280,560	280,560	
<b>Total Regular Debt Service</b>	<u>355,360</u>		<u>355,360</u>	<u>354,673</u>	<u>687</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2)</u>		<u>(2)</u>	<u>685</u>	<u>687</u>
Other Financing Sources (Uses) Operating Transfers In					
Excess (Deficiency) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Sources	<u>(2)</u>		<u>(2)</u>	<u>685</u>	<u>687</u>
<b>Fund Balance, July 1</b>	<u>38,423</u>		<u>38,423</u>	<u>38,423</u>	
<b>Fund Balance, June 30</b>	<u>\$ 38,421</u>	<u>\$</u>	<u>\$ 38,421</u>	<u>\$ 39,108</u>	<u>\$ 687</u>

## **STATISTICAL SECTION**

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 4,389,316	\$ 4,418,872	\$ 4,450,796	\$ 4,246,359	\$ 4,091,162	\$ 4,111,820	\$ 4,873,181	\$ 4,781,888	\$ 4,963,198	\$ 4,714,157
Restricted	1,580,622	2,009,609	1,954,624	1,549,510	1,128,119	2,046,062	1,526,428	1,466,286	1,021,338	981,597
Unrestricted	(861,734)	(1,037,655)	(1,084,527)	(1,084,243)	(1,031,124)	(1,747,868)	(1,885,240)	(1,602,285)	(966,864)	(1,663,637)
<b>Total Governmental Activities Net Position</b>	<b>\$ 5,108,204</b>	<b>\$ 5,390,826</b>	<b>\$ 5,320,893</b>	<b>\$ 4,711,626</b>	<b>\$ 4,188,157</b>	<b>\$ 4,410,014</b>	<b>\$ 4,514,369</b>	<b>\$ 4,645,889</b>	<b>\$ 5,017,672</b>	<b>\$ 4,032,117</b>
<b>Business-Type Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 18,033	\$ 15,612	\$ 13,191	\$ 10,770	\$ 10,309	\$ 9,083	\$ 23,902	\$ 21,832	\$ 19,762	\$ 17,692
Restricted										
Unrestricted	(61,831)	(12,483)	82,246	121,133	159,873	167,010	124,630	82,489	45,896	57,781
<b>Total Business-Type Activities Net Position</b>	<b>\$ (43,798)</b>	<b>\$ 3,129</b>	<b>\$ 95,437</b>	<b>\$ 131,903</b>	<b>\$ 170,182</b>	<b>\$ 176,093</b>	<b>\$ 148,532</b>	<b>\$ 104,321</b>	<b>\$ 65,658</b>	<b>\$ 75,473</b>
<b>District-Wide</b>										
Invested in Capital Assets, Net of Related Debt	\$ 4,407,349	\$ 4,434,484	\$ 4,463,987	\$ 4,257,129	\$ 4,101,471	\$ 4,120,903	\$ 4,897,083	\$ 4,803,720	\$ 4,982,960	\$ 4,731,849
Restricted	1,580,622	2,009,609	1,954,624	1,549,510	1,128,119	2,046,062	1,526,428	1,466,286	1,021,338	981,597
Unrestricted	(923,565)	(1,050,138)	(1,002,281)	(963,110)	(871,251)	(1,580,858)	(1,760,610)	(1,519,796)	(920,968)	(1,605,856)
<b>Total District-Wide Net Position</b>	<b>\$ 5,064,406</b>	<b>\$ 5,393,955</b>	<b>\$ 5,416,330</b>	<b>\$ 4,843,529</b>	<b>\$ 4,358,339</b>	<b>\$ 4,586,107</b>	<b>\$ 4,662,901</b>	<b>\$ 4,750,210</b>	<b>\$ 5,083,330</b>	<b>\$ 4,107,590</b>

Source: CAFR Schedule A-1

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**

For Fiscal Year Ending June 30,

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses:</b>										
<b>Governmental Activities</b>										
Instruction										
Regular	\$ 3,158,121	3,107,388	3,224,042	3,156,227	3,319,501	3,357,969	3,464,382	3,366,236	3,909,913	3,161,789
Special Education	411,515	414,690	364,812	410,850	402,660	608,730	495,980	695,354	400,945	695,940
Other Special Education	166,977	273,639	124,613	269,767	239,384	366,151	418,126	343,378	7,447	62,530
Other Instruction	4,978	5,640	8,184	3,826	2,704	18,538	19,833	6,286	9,731	9,430
Support Services										
Tuition	2,211,430	1,993,128	2,442,565	2,641,693	2,532,551	2,420,356	2,797,250	3,061,878	3,448,826	4,895,951
Student and Instruction Related Services	1,342,844	1,410,276	1,042,753	914,994	1,218,422	887,375	1,022,953	963,836	942,783	860,192
General and Business Administrative Services	340,154	341,864	327,625	301,534	339,179	395,564	354,808	273,396	225,672	287,624
School Administrative Services	318,687	316,243	348,611	321,346	292,444	302,336	314,291	344,906	365,004	309,154
Central Services				195,105	204,391	205,258	219,829	217,143	248,170	117,424
Administrative Information Technology					12,530	9,875	3,783	13,526	31,615	57,358
Plant Operations and Maintenance	688,314	673,716	697,071	769,031	792,768	841,711	817,433	899,009	835,641	769,215
Pupil Transportation	626,285	680,440	669,035	691,322	815,314	880,997	993,527	808,002	802,161	851,737
Business and Other Support Services	1,394,853	1,582,297	2,081,148	2,330,474	2,133,729	2,265,509	2,713,412	2,404,763	2,513,003	2,613,197
Summer School					32,901	52,932	55,884	10,732		
Amortization of Debt Issue Costs	2,189	2,189	3,850	3,850	3,850	3,850	35,614	9,516	9,516	
Interest on Long-Term Debt	187,656	166,814	167,505	158,543	149,861	139,399	72,761	85,405	78,086	76,918
Unallocated Depreciation	204,056	400,693	401,290	533,538	393,603	393,603	415,865	509,902	538,034	538,750
<b>Total Governmental Activities Expenses</b>	<b>11,058,059</b>	<b>11,369,017</b>	<b>11,903,104</b>	<b>12,702,100</b>	<b>12,885,792</b>	<b>13,150,153</b>	<b>14,215,731</b>	<b>14,013,268</b>	<b>14,366,547</b>	<b>15,307,209</b>
<b>Business-Type Activities</b>										
Food Service	425,514	426,110	352,987	389,398	403,650	453,051	495,927	507,598	446,127	428,049
Extended Day		1,086	24,381	21,511	19,570	18,608	19,712	18,822	23,578	24,581
Safe Schools			38,827							
<b>Total Business-Type Activities Expense</b>	<b>425,514</b>	<b>427,196</b>	<b>416,195</b>	<b>410,909</b>	<b>423,220</b>	<b>471,659</b>	<b>515,639</b>	<b>526,420</b>	<b>469,705</b>	<b>452,630</b>
<b>Total District Expenses</b>	<b>\$ 11,483,573</b>	<b>11,796,213</b>	<b>12,319,299</b>	<b>13,113,009</b>	<b>13,309,012</b>	<b>13,621,812</b>	<b>14,731,370</b>	<b>14,539,688</b>	<b>14,836,252</b>	<b>15,759,839</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Operating Grants and Contributions	\$ 2,184,497	2,218,602	2,610,073	2,682,881	2,732,628	1,754,904	2,108,027	2,174,350	1,869,639	2,016,459
<b>Total Governmental Activities Program Revenues</b>	<b>2,184,497</b>	<b>2,218,602</b>	<b>2,610,073</b>	<b>2,682,881</b>	<b>2,732,628</b>	<b>1,754,904</b>	<b>2,108,027</b>	<b>2,174,350</b>	<b>1,869,639</b>	<b>2,016,459</b>
<b>Business-Type Activities</b>										
Charges for Services										
Food Service	77,180	73,759	76,044	76,574	77,775	67,020	64,339	77,806	57,650	51,247
Extended Day		24,741	18,197	21,028	22,954	19,235	25,636	23,654	18,438	36,327
Operating Grants and Contributions	233,204	225,291	292,980	227,753	250,120	290,924	357,007	330,188	350,089	342,616
<b>Total Business-Type Activities Program Revenues</b>	<b>310,384</b>	<b>323,791</b>	<b>387,221</b>	<b>325,355</b>	<b>350,849</b>	<b>377,179</b>	<b>446,982</b>	<b>431,648</b>	<b>426,177</b>	<b>430,190</b>
<b>Total District Program Revenues</b>	<b>\$ 2,494,881</b>	<b>2,542,393</b>	<b>2,997,294</b>	<b>3,008,236</b>	<b>3,083,477</b>	<b>2,132,083</b>	<b>2,555,009</b>	<b>2,605,998</b>	<b>2,295,816</b>	<b>2,446,649</b>
<b>Net (Expense)/Revenue</b>										
<b>Governmental Activities</b>	<b>\$ (8,873,562)</b>	<b>(9,150,415)</b>	<b>(9,293,031)</b>	<b>(10,019,219)</b>	<b>(10,153,164)</b>	<b>(11,395,249)</b>	<b>(12,107,704)</b>	<b>(11,838,918)</b>	<b>(12,496,908)</b>	<b>(13,290,750)</b>
<b>Business-Type Activities</b>	<b>(115,130)</b>	<b>(103,405)</b>	<b>(28,974)</b>	<b>(85,554)</b>	<b>(72,371)</b>	<b>(94,480)</b>	<b>(68,657)</b>	<b>(94,772)</b>	<b>(43,528)</b>	<b>(22,440)</b>
<b>Total District-Wide Net Expense</b>	<b>\$ (8,988,692)</b>	<b>(9,253,820)</b>	<b>(9,322,005)</b>	<b>(10,104,773)</b>	<b>(10,225,535)</b>	<b>(11,489,729)</b>	<b>(12,176,361)</b>	<b>(11,933,690)</b>	<b>(12,540,436)</b>	<b>(13,313,190)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities</b>										
Property Taxes Levied for General Purposes, net	\$ 1,182,228	1,243,223	1,466,983	1,560,450	1,535,870	1,558,870	1,558,870	1,616,662	1,648,998	1,698,811
Taxes Levied for Debt Service	116,665	114,586	135,328	86,149	114,019	109,911	115,148	174,378	143,805	146,908
Unrestricted Grants and Contributions	7,733,397	8,163,754	7,514,370	7,543,733	7,940,421	9,915,156	10,447,899	10,173,152	11,051,930	10,440,131
Investment Earnings	25,768	41,339	78,959	143,079	51,543	15,013	20,573	11,982	7,557	3,948
Miscellaneous Income	170,167	20,135	147,458	179,202	122,225	175,836	104,569	44,264	20,750	131,520
Other Adjustments				17,339	(14,383)	(57,680)				
Transfers	(132,032)	(150,000)	(120,000)	(120,000)	(120,000)	(100,000)	(35,000)	(50,000)	(4,349)	(32,116)
<b>Total Governmental Activities</b>	<b>9,096,193</b>	<b>9,433,037</b>	<b>9,223,098</b>	<b>9,409,952</b>	<b>9,629,695</b>	<b>11,617,106</b>	<b>12,212,059</b>	<b>11,970,438</b>	<b>12,868,691</b>	<b>12,389,202</b>
<b>Business-Type Activities</b>										
Investment Earnings		332	1,282	2,020	1,166	391	489	561	516	139
Other Adjustments					(10,516)		5,607			
Transfers	120,000	150,000	120,000	120,000	120,000	100,000	35,000	50,000	4,349	32,116
<b>Total Business-Type Activities</b>	<b>120,000</b>	<b>150,332</b>	<b>121,282</b>	<b>122,020</b>	<b>110,650</b>	<b>100,391</b>	<b>41,096</b>	<b>50,561</b>	<b>4,865</b>	<b>32,255</b>
<b>Total District-Wide</b>	<b>\$ 9,216,193</b>	<b>9,583,369</b>	<b>9,344,380</b>	<b>9,531,972</b>	<b>9,740,345</b>	<b>11,717,497</b>	<b>12,253,155</b>	<b>12,020,999</b>	<b>12,873,556</b>	<b>12,421,457</b>
<b>Change in Net Position</b>										
<b>Governmental Activities</b>	<b>\$ 222,631</b>	<b>282,622</b>	<b>(69,933)</b>	<b>(609,267)</b>	<b>(523,469)</b>	<b>221,857</b>	<b>104,355</b>	<b>131,520</b>	<b>371,783</b>	<b>(901,548)</b>
<b>Business-Type Activities</b>	<b>4,870</b>	<b>46,927</b>	<b>92,308</b>	<b>36,466</b>	<b>38,279</b>	<b>5,911</b>	<b>(27,561)</b>	<b>(44,211)</b>	<b>(38,663)</b>	<b>9,815</b>
<b>Total District-Wide</b>	<b>\$ 227,501</b>	<b>329,549</b>	<b>22,375</b>	<b>(572,801)</b>	<b>(485,190)</b>	<b>227,768</b>	<b>76,794</b>	<b>87,309</b>	<b>333,120</b>	<b>(891,733)</b>

Source: CAFR Schedule A-2

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**FUND BALANCES-GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 1,549,878	\$ 1,922,793	\$ 1,805,517	\$ 1,099,012	\$ 852,073	\$ 1,486,960	\$ 1,622,136	\$ 641,437	\$ 88,309	\$ 584,774
Unreserved	(84,301)	(171,471)	12,690	371,498	209,417	(126,263)	(732,463)	179,066	763,619	(344,252)
Total General Fund	<u>\$ 1,465,577</u>	<u>\$ 1,751,322</u>	<u>\$ 1,818,207</u>	<u>\$ 1,470,510</u>	<u>\$ 1,061,490</u>	<u>\$ 1,360,697</u>	<u>\$ 889,673</u>	<u>\$ 820,503</u>	<u>\$ 851,928</u>	<u>\$ 240,522</u>
All Other Governmental Funds										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unreserved, Reported in:										
Special Revenue Fund	(45,314)	(45,314)	(45,314)	(45,314)	(55,765)	(32,417)	(32,806)	(36,296)	(32,806)	(30,578)
Capital Projects Fund	18,938	25,463	25,463	18,938	18,938	18,938	24,668	65,122	72,899	74,614
Debt Service Fund	1	28,659	28,659	4,757	4,757	2	42,861	42,862	38,423	39,108
Permanent Fund	35,823	35,453								
Total All Other Governmental Funds	<u>\$ 9,448</u>	<u>\$ 44,261</u>	<u>\$ 8,808</u>	<u>\$ (21,619)</u>	<u>\$ (32,070)</u>	<u>\$ (13,477)</u>	<u>\$ 34,723</u>	<u>\$ 71,688</u>	<u>\$ 78,516</u>	<u>\$ 83,144</u>

Source: CAFR Schedule B-1

**EXHIBIT J-4**

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Tax Levy	\$ 1,298,893	\$ 1,357,809	\$ 1,602,311	\$ 1,646,599	\$ 1,649,889	\$ 1,668,781	\$ 1,674,018	\$ 1,791,040	\$ 1,792,803	\$ 1,845,719
Transportation										
Interest Earnings	19,385	40,836	78,959	143,079	51,543	15,013	20,573	11,982	7,557	3,948
Miscellaneous	154,272	145,792	102,721	182,201	125,225	176,836	104,569	44,264	20,750	116,302
State Sources	8,618,141	8,925,243	8,933,866	9,322,918	9,861,808	10,860,691	9,676,315	11,128,210	11,741,894	11,567,605
Federal Sources	1,201,551	1,283,680	1,190,577	900,696	808,241	808,369	2,879,611	1,219,292	1,179,675	888,985
Other Sources	39,467									15,218
<b>Total Revenues</b>	<b>#####</b>	<b>11,753,360</b>	<b>11,908,434</b>	<b>12,195,493</b>	<b>12,496,706</b>	<b>13,529,690</b>	<b>14,355,086</b>	<b>14,194,788</b>	<b>14,742,679</b>	<b>14,437,777</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	3,158,121	3,107,388	3,224,042	3,156,227	3,319,501	3,357,969	3,464,382	3,366,236	3,909,913	3,161,789
Special Education Instruction	411,515	414,690	364,812	410,850	402,660	608,730	495,980	695,354	400,945	695,940
Other Special Instruction	166,977	273,639	124,613	269,767	239,384	366,151	418,126	343,378	7,447	62,530
Other instruction	4,978	5,640	8,184	3,826	2,704	18,538	19,833	6,286	9,731	9,430
<b>Support Services</b>										
Tuition	2,211,430	1,993,128	2,442,565	2,641,693	2,532,551	2,420,356	2,797,250	3,061,878	3,448,826	4,895,951
Student and Instruction Related Services	1,342,844	1,410,276	1,042,753	914,994	1,218,422	887,375	1,022,953	963,836	942,783	860,192
School Administrative Services	318,687	316,243	348,611	296,534	292,444	395,564	354,808	344,906	365,004	309,154
General Administrative Services	340,154	341,864	327,625	326,346	351,709	302,336	314,291	273,396	225,672	287,624
Central Services & Info. Techn.				195,105	204,391	215,133	223,612	228,303	278,409	174,782
Plant Operations and Maintenance	688,314	673,716	697,071	769,031	792,768	847,255	817,433	899,009	835,641	769,215
Pupil Transportation	626,285	680,440	669,035	691,322	815,314	880,997	993,527	808,002	802,161	851,737
Business and Other Support Services	146,128	180,708	185,497							
Employee Benefits	1,248,725	1,401,589	1,812,016	2,303,797	2,185,417	2,148,522	2,452,283	2,614,324	2,671,724	2,564,402
Summer School					32,901	52,932	55,884	10,732		
Capital Outlay	107,228	103,132	100,365	100,287	36,494	238,416	982,230	199,491	442,247	15,020
<b>Debt Service</b>										
Principal	190,435	175,884	203,173	209,704	216,295	227,981	239,693	271,536	278,473	280,560
Interest and Other Charges	187,656	166,814	171,187	162,364	153,222	143,635	90,625	90,326	81,101	74,113
<b>Total Expenditures</b>	<b>#####</b>	<b>11,245,151</b>	<b>11,721,549</b>	<b>12,451,847</b>	<b>12,796,177</b>	<b>13,111,890</b>	<b>14,742,910</b>	<b>14,176,993</b>	<b>14,700,077</b>	<b>15,012,439</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	182,232	508,209	186,885	(256,354)	(299,471)	417,800	(387,824)	17,795	42,602	(574,662)
<b>Other Financing Sources (Uses)</b>										
Other adjustments				(1,770)						
Transfers, Net	(125,649)	(194,176)	(120,000)	(120,000)	(120,000)	(100,000)	(35,000)	(50,000)	(4,349)	(32,116)
<b>Total Other Financing Sources (Uses)</b>	<b>(125,649)</b>	<b>(194,176)</b>	<b>(120,000)</b>	<b>(121,770)</b>	<b>(120,000)</b>	<b>(100,000)</b>	<b>(35,000)</b>	<b>(50,000)</b>	<b>(4,349)</b>	<b>(32,116)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 56,583</b>	<b>\$ 314,033</b>	<b>\$ 66,885</b>	<b>\$ (378,124)</b>	<b>\$ (419,471)</b>	<b>\$ 317,800</b>	<b>\$ (422,824)</b>	<b>\$ (32,205)</b>	<b>\$ 38,253</b>	<b>\$ (606,778)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>3.4%</b>	<b>3.1%</b>	<b>3.2%</b>	<b>3.0%</b>	<b>2.9%</b>	<b>2.9%</b>	<b>2.4%</b>	<b>2.6%</b>	<b>2.5%</b>	<b>2.4%</b>

Source: CAFR Schedule B-2



**EXHIBIT J-5**

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Transportation and Tuition Revenue</u>	<u>Prior Years Tuition</u>	<u>Prior Year Order Adjustments</u>	<u>E-Rate</u>	<u>Misc.</u>	<u>Total</u>
2013	\$ 3,818	\$ 15,218	\$ 6,609	\$ 33,391	\$ 64,424	\$ 5,196	\$ 128,656
2012	7,076				14,024	2,627	23,727
2011	11,982		23,345	-	13,883	6,473	55,683
2010	20,020	14,202		34,586	11,972	42,899	123,679
2009	14,533	104,708		63,342	5,797	62,429	250,809
2008	51,543	35,672		66,805	16,792	2,956	173,768
2007	143,079	10,552		96,288		75,361	325,280
2006	76,791		8,643	69,883		24,195	179,512
2005	14,885	40,296		95,101		36,849	187,131
2004	33,410	18,841	55,485	26,296		39,007	173,039

Source: District Records

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30,</b>	<b>Vacant Land</b>	<b>Residential</b>	<b>Farm Reg.</b>	<b>Qfarm</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Apartment</b>	<b>Total Assessed Value</b>	<b>Public Utilities <sup>a</sup></b>	<b>Net Valuation Taxable</b>	<b>Total Direct School Tax Rate <sup>b</sup></b>	<b>Estimated Actual County Equalized Value</b>
2013	\$ 17,600,800	\$ 242,619,700	\$ 3,001,700	\$ 478,100	\$ 11,286,300	\$ 12,810,900	\$ 1,169,000	\$ 288,966,500	\$ 1,485,784	\$ 290,452,284	\$ 0.631	\$ 249,937,427
2012	18,026,900	242,809,800	3,282,400	500,600	11,719,200	12,810,900	1,169,000	290,318,800	1,867,242	292,186,042	0.630	257,786,181
2011	18,373,400	241,907,400	3,354,400	500,600	11,771,400	13,038,400	1,169,000	290,114,600	1,879,419	291,994,019	0.612	280,891,713
2010	18,423,800	240,822,700	3,247,500	498,100	11,763,400	13,038,400	1,169,000	288,962,900	2,096,236	291,059,136	0.614	266,639,661
2009	18,301,400	241,081,100	3,254,000	498,100	12,095,200	13,122,400	1,169,000	289,521,200	2,061,122	291,582,322	0.572	250,512,980
2008	9,268,175	97,090,890	738,400	546,000	4,089,750	5,914,700	62,400	117,710,315	1,126,837	118,837,152	1.400	234,622,912
2007	9,275,275	94,833,900	790,400	546,000	4,139,050	5,914,700	62,400	115,561,725	1,221,099	116,782,824	1.403	231,561,392
2006	10,466,675	93,369,300	790,400	546,000	4,140,450	6,213,100	62,400	115,588,325	983,653	116,571,978	1.398	207,971,432
2005	10,367,975	92,296,000	823,800	469,200	4,146,650	6,495,100	62,400	114,661,125	1,643,076	116,304,201	1.367	180,710,993
2004	10,779,375	91,343,700	930,400	446,300	4,146,650	6,495,100	62,400	114,203,925	1,772,900	115,976,825	1.160	155,676,016

Source: District records Tax list summary & Municipal Tax Assessor

**Note:** Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

**a** Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

**b** Tax rates are per \$100

\* Estimate

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**  
*(Rate Per \$100 of Assessed Value)*

Year Ended June 30,	Commercial Township Board of Education			Overlapping Rates		
	General Obligation		Total Direct	Commercial Township	Cumberland County	Total
	Basic Rate <sup>a</sup>	Debt Service <sup>b</sup>				
2013	\$ 0.581	\$ 0.050	\$ 0.631	\$ 0.587	\$ 0.852	\$ 2.070
2012	0.579	0.051	0.630	0.587	0.848	2.065
2011	0.552	0.060	0.612	0.587	0.921	2.120
2010	0.572	0.042	0.614	0.587	0.835	2.036
2009	* 0.534	0.038	0.572	0.449	0.773	1.794
2008	1.303	0.097	1.400	0.924	1.901	4.225
2007	1.330	0.073	1.403	0.786	1.737	3.926
2006	1.280	0.118	1.398	0.786	1.641	3.825
2005	1.252	0.115	1.367	0.751	1.427	3.545
2004	1.056	0.104	1.160	0.680	1.240	3.080

\* First Year of Revaluation.

Source: District Records and Municipal Tax Collector

**Note:** NJSA 18A:7F-5d limits the amount that the District can submit for a general fund tax levy . The levy when added to other components of the District's net budget may not exceed the pre-budget year net budget by more than the spending growth limitation calculation.

**a** The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

**b** Rates for debt service are based on each year's requirements.

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2013		2004	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Whibco Inc. (Whitehead)	\$ 4,992,300	1.71%	\$ 4,493,700	3.86%
Levari, LLC			3,357,200	2.88%
New Jersey Bell Telephone			1,921,976	1.65%
U.S. Silica Co.	2,690,700	0.92%	1,774,500	1.52%
Exelon Generation Co. LLC	2,575,400	0.88%	1,438,500	1.23%
PSE&G				
Ricci Brothers Sand Co.	1,187,000	0.41%		
Whibco Inc. (Ackley)	1,388,400	0.48%		
Taxpayer #1	986,000	0.34%	1,232,400	1.05%
Verizon Dist. 3	886,882	0.30%		
Surfside Products LLC	733,600	0.25%		
Port Norris Marina Inc.	646,200	0.22%		
Taxpayer #2	606,200	0.21%	868,800	0.74%
Taxpayer #3			797,200	0.68%
Bivalve Packing				
Taxpayer #4			740,300	0.63%
Liverpool Estates			636,900	0.54%
<b>Total</b>	<b>\$ 16,692,682</b>	<b>5.71%</b>	<b>\$ 17,261,476</b>	<b>14.78%</b>

Source: District CAFR & Municipal Tax Assessor

**EXHIBIT J-9**

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,		Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
			Amount	% of Levy	
2013	\$	1,845,719	\$ 1,845,719	100.00%	\$
2012		1,792,803	1,792,803	100.00%	
2011		1,791,040	1,791,040	100.00%	
2010		1,674,018	1,674,018	100.00%	
2009		1,668,781	1,668,781	100.00%	
2008		1,649,889	1,649,889	100.00%	
2007		1,646,599	1,646,599	100.00%	
2006		1,602,311	1,602,311	100.00%	
2005		1,357,809	1,357,809	100.00%	
2004		1,298,893	1,298,893	100.00%	

Source: District records including the Certificate and Report of School Taxes (A4F form)

**Note:** School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, the amount voted upon or certified prior to the end of the school year.

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2013	\$ 2,042,748	\$	\$	\$	\$ 2,042,748	1.07%	\$ 392	
2012	2,323,308				2,323,308	1.24%	446	
2011	2,601,781				2,601,781	1.42%	501	
2010	2,873,317				2,873,317	1.63%	554	
2009	3,018,009	5,939			3,023,948	1.71%	559	
2008	3,245,990	11,483			3,257,473	1.85%	603	
2007	3,462,285	28,465			3,490,750	2.12%	647	
2006	3,671,989	78,792			3,750,781	2.38%	698	
2005	3,875,162	126,155			4,001,317	2.68%	747	
2004	4,051,046	170,728			4,221,774	2.90%	791	

Source: District CAFR Schedules I-1, I-2

**Note:** Details regarding the District's outstanding debt can be found in the notes to the financial statements.

**a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**b** Includes Early Retirement Incentive Plan (ERIP) refunding

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2013	\$ 2,042,748		\$ 2,042,748	0.70%	392
2012	2,323,308		2,323,308	0.80%	446
2011	2,601,781		2,601,781	0.89%	501
2010	2,873,317		2,873,317	0.99%	531
2009	3,018,009		3,018,009	1.04%	558
2008	3,245,990		3,245,990	2.73%	601
2007	3,462,285		3,462,285	2.96%	644
2006	3,671,989		3,671,989	3.15%	686
2005	3,875,162		3,875,162	3.33%	726
2004	4,051,046		4,051,046	3.49%	764

**Note:** Details regarding the District's outstanding debt can be found in the notes to the financial statements.

**a** See Exhibit NJ J-6 for property tax data.

**b** Population data can be found in Exhibit NJ J-14.

If a district has resources that are restricted to repaying the principal of debt outstanding, these amounts should be shown in a separate column "Deductions" and be subtracted from the total, and the schedule should be named ratios of net general bonded debt outstanding.

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2013**

<b><u>Governmental Unit</u></b>	<b><u>Debt Outstanding</u></b>	<b><u>Estimated Percentage Applicable <sup>a</sup></u></b>	<b><u>Estimated Share of Overlapping Debt</u></b>
<b>Debt Repaid with Property Taxes</b>			
Commercial Township	\$ 1,675,408	100.000%	\$ 1,675,408
<b>Other Debt</b>			
County of Cumberland - Township share	61,068,145	2.725%	1,663,943
Subtotal, Overlapping Debt			3,339,351
<b>Commercial Township School District Direct Debt</b>			2,042,748
<b>Total Direct and Overlapping Debt</b>			<b>\$ 5,382,099</b>

**Sources:** Commercial Township Chief Financial Officer and Cumberland County Finance Office

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Commercial. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

**a** For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.



**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**

**Legal Debt Margin Calculation for Fiscal Year 2013**

	Equalized Valuation Basis	
	2012	\$ 249,822,563
	2011	257,604,866
	2010	276,149,560
	[A]	\$ 783,576,989
Average Equalized Valuation of Taxable Property	[A/3]	\$ 261,192,330
Debt Limit (3% of Average Equalization Value)	[B]	\$ 7,835,770 <sup>a</sup>
Net Bonded School Debt	[C]	2,042,748
Legal Debt Margin	[B-C]	\$ 5,793,022

	<b>Fiscal Year,</b>									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 4,134,677	\$ 4,351,246	\$ 4,812,331	\$ 5,391,024	\$ 6,137,667	\$ 6,772,680	\$ 7,377,297	\$ 7,835,390	\$ 7,835,390	\$ 7,835,770
Total Net Debt Applicable to Limit	4,051,046	3,875,162	3,671,989	3,462,285	3,245,990	3,018,009	2,873,317	2,601,781	2,601,781	2,042,748
Legal Debt Margin	\$ 83,631	\$ 476,084	\$ 1,140,342	\$ 1,928,739	\$ 2,891,677	\$ 3,754,671	\$ 4,962,073	\$ 5,233,609	\$ 5,233,609	\$ 5,793,022
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	98%	89%	76%	64%	53%	45%	39%	33%	33%	26%

Source: Abstract of Ratables and District Records

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

<b>Year</b>		<b>Population <sup>a</sup></b>		<b>Personal Income (thousands of dollars) <sup>b</sup></b>		<b>Per Capita Personal Income <sup>c (1)</sup></b>	<b>Unemployment Rate <sup>d</sup></b>
2013	*	5,207	\$	191,081,221	\$	36,697	17.20%
2012		5,204		187,226,598		35,977	17.40%
2011		5,197		183,308,584		35,272	15.50%
2010		5,186		175,841,702		33,907	13.60%
2009		5,412		177,188,880		32,740	12.70%
2008		5,406		176,219,382		32,597	7.40%
2007		5,398		164,768,552		30,524	6.10%
2006		5,375		157,600,375		29,321	6.80%
2005		5,356		149,277,076		27,871	5.90%
2004		5,335		145,362,745		27,247	4.40%

\* Estimate

(1) Information for Cumberland County

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income

<sup>c</sup> Per Capita

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

N/A - Not Available at time of Audit

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND TEN YEARS AGO**

<u>Employer</u>	<u>2013</u>		<u>2004</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Inspira Health Network	2,837	0.54	NOT AVAILABLE	
Durand Glass Manf.	970	0.19		
Gerresheimer Glass	876	0.17		
Wal-Mart	806	0.15		
ShopRite	737	0.14		
WaWa	562	0.11		
Seabrook Brothers & Sons	* 550	0.11		
F & S Produce	* 525	0.10		
Sheppard Bus Service	* 520	0.10		
Elwyn New Jersey	518	0.10		
	<u>8,901</u>	<u>1.71</u>	<u>-</u>	<u>0.00%</u>

Source:

This information is for the County of Cumberland.

\*Seasonal

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

<b><u>Function/Program</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>
Instruction										
Regular	53	50	52	51	49	49	48	47	49	46
Special Education	8	8	7	7	12	17	14	19	11	14
Support Services:										
Tuition										
Student & Instruction Related Services	18	17	17	19	16	14	17	15	13	7
General Administrative Services	2	2	2	2	2	2	2	2	1	1
School Administrative Services	5	5	5	5	5	5	7	7	6	4
Business Administrative Services	3	3	3	3	3	3	3		2	1
Plant Operations and Maintenance	9	10	9	9	9	9	9	9	2	2
Food Service										
Total	<u>98</u>	<u>95</u>	<u>95</u>	<u>96</u>	<u>96</u>	<u>99</u>	<u>100</u>	<u>99</u>	<u>84</u>	<u>75</u>

**Source:** District Personnel Records

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**OPERATING STATISTICS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Enrollment</b>	<b>Operating Expenditures <sup>a</sup></b>	<b>Cost Per Pupil</b>	<b>Percentage Change</b>	<b>Teaching Staff <sup>b</sup></b>	<b>Pupil/ Teacher Ratio Elementary</b>	<b>Average Daily Enrollment (ADE) <sup>c</sup></b>	<b>Average Daily Attendance (ADA) <sup>c</sup></b>	<b>% Change in Average Daily Enrollment</b>	<b>Student Attendance Percentage</b>
2013	602	\$ 14,642,746	\$ 24,323	11.3%	60	10.1:1	601.7	562.5	-5.39%	93.49%
2012	636	13,898,256	21,853	6.7%	60	10.6 : 1	636.0	593.3	-3.36%	93.29%
2011	665	13,615,640	20,475	-0.1%	66	10.1 : 1	658.1	609.9	-0.98%	92.68%
2010	655	13,430,362	20,504	11.5%	61	10.7 : 1	664.6	619.3	0.09%	93.18%
2009	680	12,501,858	18,385	-0.4%	59	11.5 : 1	664.0	620.1	0.77%	93.39%
2008	671	12,390,166	18,465	4.8%	59	13.3 : 1	658.9	611.4	-2.17%	92.79%
2007	680	11,979,492	17,617	6.2%	62	10.86 : 1	673.5	624.4	-0.63%	92.71%
2006	678	11,246,824	16,588	5.7%	68	9.97 : 1	677.8	633.6	-4.14%	93.48%
2005	688	10,802,264	15,701	5.2%	75	8.30 : 1	707.1	663.0	-0.06%	93.76%
2004	715	10,669,800	14,923	13.3%	76	11.37 : 1	707.5	657.5	-1.32%	92.93%

**Sources:** District records, ASSA

**Note:** Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Haleyville-Mauricetown (1968)										
Square Feet	65,975	65,975	65,975	65,975	65,975	65,975	65,975	65,975	65,975	65,975
Capacity (students)	430	430	430	430	430	430	430	430	430	430
Enrollment	487	466	463	499	460	492	460	470	444	403
<b><u>Middle School</u></b>										
Port Norris School (1916)										
Square Feet	49,875	49,875	49,875	49,875	49,875	49,875	49,875	49,875	49,875	49,875
Capacity (students)	248	248	248	248	248	248	248	248	248	248
Enrollment	228	222	216	218	190	188	195	195	192	198
<b><u>Other</u></b>										
Central Administration (1998)										
Square Feet	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900

Number of Schools at June 30, 2013

    Elementary = 1

    Middle = 1

    High School = 0

    Other = 1

**Source:** District records, ASSA

**Note:** Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of any additions. Enrollment is based on the annual October district count.

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**GENERAL FUND**  
**SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITIES**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

**UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES**  
**11-000-261-XXX**

School Facilities	Gross Square Footage	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Haleyville-Mauricetown	65,975	\$ 38,639	\$ 121,257	\$ 125,112	\$ 112,057	\$ 112,126	\$ 86,625	\$ 118,932	\$ 76,750	\$ 47,938	\$ 34,458
Port Norris Middle	49,875	39,248	92,014	100,901	98,390	74,606	83,659	58,557	61,591	37,037	71,098
Total School Facilities		77,887	213,271	226,013	210,447	186,732	170,284	177,489	138,341	84,975	105,556
Other Facilities	1,900	2,248	61,315	3,195	6,095	5,781	11,141	13,249	10,882	32,996	39,876
Grand Total		\$ 80,135	\$ 274,586	\$ 229,208	\$ 216,542	\$ 192,513	\$ 181,425	\$ 190,738	\$ 149,223	\$ 117,971	\$ 145,432

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**INSURANCE SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
**(UNAUDITED)**

Company	Type of Coverage	Coverage	Deductible
School Alliance Insurance Fund	General & Auto Liability	\$ 5,000,000	
	Property & Auto Physical Damage	250,000,000	
	Boiler/Machinery	100,000,000	
	Money and Securities	50,000	
	Faithful Performance	100,000 ea. person/500,000 per loss	
	Computer Fraud	50,000	
	Forgery and Alteration	50,000	
	Environmental Impairment	1,000,000/25,000,000 Fund Agg	
	Excess Liability	5,000,000	
	School Leaders Professional Liability	5,000,000/5,000,000 Agg.	
The Hartford	Public Official Bond - Business Administrator/Board Secretary	100,000	
N.J. School Boards Insurance Group	Workers' Compensation	2,000,000	
American International	Student Accident	1,000,000	



## **SINGLE AUDIT SECTION**

# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association*

*Certified Public Accountants*

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October 30, 2013

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

### INDEPENDENT AUDITOR'S REPORT

The Honorable President and  
Members of the Board of Education  
Commercial Township School District  
County of Cumberland, New Jersey 08349

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Commercial Township School District, in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2013, which collectively comprise the Board of Education of the Commercial Township School District's basis financial statements and have issued our report thereon dated October 30, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, and State of New Jersey.

### Internal Control Over Financial Reporting

Management of the Board of Education of the Commercial Township School District, in the County of Cumberland, State of New Jersey, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Commercial Township Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commercial Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commercial Township Board of Education's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. We did, however note two other immaterial matters involving internal control that we have reported to the Commercial Township Board of Education in a separate report entitled, *Auditor's Management Report on Administrative Findings, Compliance and Performance* dated October 30, 2013.

### **Compliance and Other Matters**

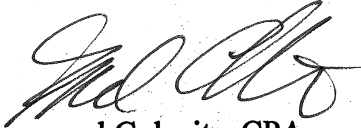
As part of obtaining reasonable assurance about whether the Commercial Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey labeled Finding 2013-3.

### **Purpose of this Report**

This report is intended solely for the information and use of the audit committee, management, the Commercial Township Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully Submitted,

**NIGHTLINGER, COLAVITA & VOLPA, PA**

  
Raymond Colavita, CPA  
Licensed Public School Accountant  
No. 915

# NIGHTLINGER, COLAVITA & VOLPA

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*Certified Public Accountants*

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October 30, 2013

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;  
AND REPORT ON SCHEDULE REQUIRED BY  
OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04**

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Commercial Township School District  
County of Cumberland, New Jersey 08349

**Report on Compliance for Each Major Program**

We have audited the Board of Education of the Commercial Township School District, in the County of Cumberland, State of New Jersey, compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Commercial Township School District's major federal and state programs for the fiscal year ended June 30, 2013. The Commercial Township Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Commercial Township Board of Education's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, local Governments, and Non-Profit Organizations* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Commercial Township Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Commercial Township Board of Education's compliance with those requirements.

### **Opinion on Each Major Program**

In our opinion, the Board of Education of the Commercial Township School District, in the County of Cumberland, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of the Board of Education of the Commercial Township School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Commercial Township Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal and or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commercial Township Board of Education's internal control over compliance.

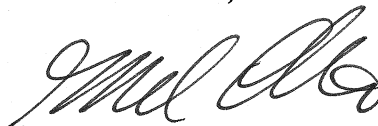
*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a major program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Commercial Township Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Commercial Township Board of Education's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the audit committee, management, the Commercial Township Board of Education, the New Jersey State Department of Education, other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully Submitted,  
**NIGHTLINGER, COLAVITA & VOLPA, PA**



Raymond Colavita, CPA  
Licensed Public School Accountant  
No. 915

**TOWNSHIP OF COMMERCIAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Schedule A**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2012	Cash Received	Budgetary Expenditures	Adjust- ments	Balance at June 30, 2013		
				From	To					Accounts Receivable	Unearned Revenue	Due to Grantor
U.S. Department of Education												
General Fund												
Medical Assistance Program - (SEMI)	93.778	N/A	\$ 22,304	7/1/11	6/30/12	\$ (7,824)	\$ 7,824	\$	\$	\$	\$	\$
Medical Assistance Program - (SEMI)	94.778	N/A	18,559	7/1/12	6/30/13		18,559	(18,559)				
Education Jobs Fund	84.410A	ARRA	360,457	8/10/10	9/30/12	(269,485)	269,485	(900)		(900)		
						(277,309)	295,868	(19,459)		(900)		
U.S. Department of Agriculture												
Passed-through State Department of Education:												
Enterprise Fund:												
U.S.D.A. Food Distribution Program	10.565	N/A	21,845	7/1/11	6/30/12	6,003		(6,003)				
U.S.D.A. Food Distribution Program	10.565	N/A	23,656	7/1/12	6/30/13		23,656	(20,841)			2,815	
Fresh Fruits and Vegetable Program	10.582	N/A	22,258	7/1/12	6/30/13		18,415	(22,258)		(3,843)		
Fresh Fruits and Vegetable Program	10.582	N/A	22,106	7/1/11	6/30/12	(1,444)	1,444					
School Breakfast Program	10.553	N/A	68,266	7/1/12	6/30/13		63,792	(68,266)		(4,474)		
School Breakfast Program	10.553	N/A	74,319	7/1/11	6/30/12	(3,745)	3,745					
School Snack Program	10.555	N/A	8,114	7/1/12	6/30/13		7,853	(8,114)		(261)		
School Snack Program	10.555	N/A	8,757	7/1/11	6/30/12	(172)	172					
National School Lunch Program	10.555	N/A	212,463	7/1/12	6/30/13		198,418	(212,463)		(14,045)		
National School Lunch Program	10.555	N/A	222,347	7/1/11	6/30/12	(10,789)	10,789					
Total U.S. Department of Agriculture						(10,147)	328,284	(337,945)		(22,623)	2,815	
U.S. Department of Education												
Passed-through State Department of Education:												
Special Revenue Fund:												
I.D.E.A. Part B, Pre-school	83.173	IDEA0950-13	6,534	9/1/12	8/31/13		6,534	(6,534)				
I.D.E.A. Part B, Pre-school	84.173	IDEA0950-12	6,732	9/1/11	8/31/12	(6,732)	6,732					
I.D.E.A. Part B Basic	84.027	IDEA0950-11	244,175	9/1/10	8/31/11	893						893
I.D.E.A. Part B Basic	84.027	IDEA0950-12	239,595	9/1/11	8/31/12	(153,328)	153,328					
I.D.E.A. Part B Basic	85.027	IDEA0950-13	225,601	9/1/12	8/31/13		189,715	(225,601)		(35,886)		
Title I	84.010A	NCLB0950-13	507,045	9/1/12	8/31/13		304,431	(431,751)		(127,320)		
Title I	84.010A	NCLB0950-12	500,367	9/1/11	8/31/12	(301,186)	301,186		3,173			3,173
Title II A	84.367A	NCLB0950-13	68,088	9/1/12	8/31/13		51,001	(62,639)		(11,638)		
Title II A	84.367A	NCLB0950-12	69,274	9/1/11	8/31/12	(10,458)	10,458					
Title VI	84.369A	NCLB0950-13	12,521	9/1/12	8/31/13			(12,521)		(12,521)		
Title VI	84.369A	NCLB0950-12	14,605	9/1/11	8/31/12	(14,605)	14,605					
21st Century Prog - PN	84.287C	NCLB0950-13	45,039	9/1/12	8/31/13		28,907	(45,039)		(16,132)		
21st Century Prog - PN	84.287C	NCLB0950-12	65,287	9/1/11	8/31/12	(12,290)	30,172	(19,317)	1,435			
21st Century Prog - HMS	84.287C	NCLB0950-13	44,241	9/1/12	8/31/13		27,897	(35,938)	4,329	(3,712)		
21st Century Prog - HMS	84.287C	NCLB0950-12	44,241	9/1/11	8/31/12	(8,623)	16,941	(8,561)	243			
Talent 21	84.318X	NGO10-RE01-G03	90,602	2/1/10	9/15/11	(2,480)			2,480			
ARRA - Title I A	84.389A	ARRA0950-10	272,936	7/1/09	8/31/11	1,216						1,216
ARRA - IDEA	84.391	ARRA0950-10	238,101	7/1/09	8/31/11	214						214
RTTT3	84.413A	RTTT-0950-13	34,183	9/1/11	11/31/2015			(21,625)		(21,625)		
Total U.S. Department of Education						(507,379)	1,141,907	(869,526)	11,660	(228,834)		5,496
Total Federal Financial Assistance						\$ (794,835)	\$ 1,766,059	\$ (1,226,930)	\$ 11,660	\$ (252,357)	\$ 2,815	\$ 5,496

See accompanying notes to schedules of financial assistance

**TOWNSHIP OF COMMERCIAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE - Schedule B**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2012		Cash Received	Budgetary Expenditures	Balance at June 30, 2013		MEMO		
			From	To	(Accounts Receivable)	Unearned Revenue			(Accounts Receivable)	Unearned Revenue/ Interfund Payable	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education:													
General Fund:													
Equalization Aid	13-495-034-5120-078	\$ 9,108,267	7/1/12	6/30/13	\$		\$ 8,292,436	\$ (9,108,267)	\$ (815,831)	\$ *	\$ (815,831)	\$ 9,108,267	
Equalization Aid	12-495-034-5120-078	9,326,011	7/1/11	6/30/12		(869,602)	869,602						
Special Education Categorical Aid	13-495-034-5120-089	467,229	7/1/12	6/30/13			420,498	(467,229)	(46,731)	*	(46,731)	467,229	
Special Education Categorical Aid	12-495-034-5120-089	450,198	7/1/11	6/30/12		(45,018)	45,018						
Security Aid	13-495-034-5120-084	272,502	7/1/12	6/30/13			245,250	(272,502)	(27,252)	*	(27,252)	272,502	
Security Aid	12-495-034-5120-084	118,148	7/1/11	6/30/12		(28,637)	28,637						
Adjustment Aid	13-495-034-5120-085	141,040	7/1/12	6/30/13			126,936	(141,040)	(14,104)	*	(14,104)	141,040	
Transportation Aid	13-495-034-5120-014	173,417	7/1/12	6/30/13			156,078	(173,417)	(17,339)	*	(17,339)	173,417	
Transportation Aid	12-495-034-5120-014	92,732	7/1/11	6/30/12		(9,266)	9,266						
Extraordinary Aid	13-100-034-5120-473	12,059	7/1/12	6/30/13				(12,059)	(12,059)	*		12,059	
Extraordinary Aid	12-100-034-5120-473	16,470	7/1/11	6/30/12		(28,780)	28,780						
Non-public Transportation Aid	13-495-034-5120-014	5,190	7/1/12	6/30/13				(5,190)	(5,190)	*		5,190	
Non-public Transportation Aid	12-495-034-5120-014	6,397	7/1/11	6/30/12		(6,223)	6,223						
TPAF Post Retirement Medical Contrib	13-495-034-5095-001	303,657	7/1/12	6/30/13			303,657	(303,657)		*		303,657	
TPAF Pension Contributions	13-495-034-5095-007	268,546	7/1/12	6/30/13			268,546	(268,546)		*		268,546	
Reimbursed TPAF Social Security Contrib	13-495-034-5095-002	271,553	7/1/12	6/30/13			244,783	(271,553)	(26,770)	*		271,553	
Reimbursed TPAF Social Security Contrib	12-495-034-5095-002	301,712	7/1/11	6/30/12		(29,742)	29,742						
Total General Fund						(1,017,268)	11,075,452	(11,023,460)	(965,276)		(921,257)	11,023,460	
Special Revenue Fund:													
Preschool Education Aid	12-495-034-5120-086	328,060	7/1/11	6/30/12		(32,806)	32,806						
Preschool Education Aid	13-495-034-5120-086	305,816	7/1/12	6/30/13			275,238	(302,201)	(30,578)	3,615 *	(30,578)	302,201	
Total Special Revenue Fund						(32,806)	308,044	(302,201)	(30,578)	3,615	(30,578)	302,201	
Capital Projects Fund:													
NJSDA Grant - HV	950-025-10-1001	179,902	7/23/10	Closing		(152,429)	174,196			21,767 *		156,420	
NJSDA Grant - PN	950-050-10-1002	152,309	9/10/10	Closing		(152,309)	152,309			*		152,309	
						(304,738)	326,505			21,767		308,729	
Debt Service Fund:													
Debt Service Aid-Type II	13-495-034-5120-017	208,450	7/1/12	6/30/13			208,450	(208,450)		*		208,450	
State Department of Agriculture:													
Enterprise Fund:													
National School Lunch Prog.	13-101-010-3350-023	4,671	7/1/12	6/30/13			4,095	(4,671)	(576)	*		4,671	
National School Lunch Prog.	12-101-010-3350-023	4,839	7/1/11	6/30/12		(232)	232						
Total Enterprise Fund						(232)	4,327	(4,671)	(576)			4,671	
Total State Financial Assistance					\$	(1,355,044)	\$ 11,714,328	\$ (11,330,332)	\$ (996,430)	\$ 25,382	\$ (951,835)	\$ 11,639,061	

See accompanying notes to schedules of financial assistance

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2013**

**NOTE 1: GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Township of Commercial School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$31,266 for the general fund and \$108,086 for the special revenue fund. See Note 2 (Notes to Required Supplemental Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:



**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**

**JUNE 30, 2013**

(Continued)

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)**

	<u>Federal</u>		<u>State</u>		<u>Total</u>
General Fund	\$ 19,459	\$	11,054,726	\$	11,074,185
Special Revenue Fund	869,526		304,429		1,173,955
Debt Service			208,450		208,450
Food Service Fund	<u>337,945</u>		<u>4,671</u>		<u>342,616</u>
Total Awards & Financial Assistance	\$ <u>1,226,930</u>	\$	<u>11,572,276</u>	\$	<u>12,799,206</u>

**NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING**

The Township of Commercial had no outstanding loans as of June 30, 2013 other than the SDA loans in the amount of \$87,748 reported herein.

**NOTE 6: OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2013. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2013.

**NOTE 7: SCHOOLWIDE PROGRAM FUNDS**

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

**NOTE 8: ADJUSTMENTS**

Immaterial adjustments totaling \$11,660 were noted on Schedule K-3, Schedule of Federal Awards.

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness (es) identified? \_\_\_\_\_ yes      X   no  
2) Significant deficiencies identified? \_\_\_\_\_ yes      X   none reported

Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes      X   no

**Federal Awards**

Internal control over major programs:

1) Material weakness (es) identified? \_\_\_\_\_ yes      X   no  
2) Significant deficiencies identified? \_\_\_\_\_ Yes      X   none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? \_\_\_\_\_ yes      X   no

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I
10.553	National Breakfast Program
10.555	National School Lunch
10.555	National Snack Program

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?   X   yes    \_\_\_\_\_ no

## Section I - Summary of Auditor's Results (continued)

### Adjustment Aid

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(continued)**

**Section II - Financial Statement Findings**

**Finding:** 2013-3

**Criteria or specific requirement:**

Generally Accepted Accounting Principles for New Jersey School Districts requires that districts maintain a fixed asset accounting system that includes asset descriptions, historical cost, funding source, estimated useful lives, depreciation expense and accumulated depreciation.

**Condition:**

While the District maintains fixed asset records, the updated report, prepared by an outside appraisal company, was not available for examination in a timely manner and accordingly, the current year amounts were determined and adjusted as part of the audit, based on the previous outside appraisal report.

**Context:**

Fixed asset reporting is required by GASB 34 and included in the District-wide Financial Statements.

**Effect:**

Material misstatement of the financial statements would have resulted, pertaining to historical cost and accumulated depreciation on the statement of net assets and depreciation expense on the statement of activities, if the adjustments were not made as part of the audit.

**Cause:**

Inadvertent delay in submission of information.

**Recommendation:**

Additions and deletions of fixed assets made during the year should be communicated to the outside appraisal company in a more timely manner, in order to acquire an updated fixed asset report for inclusion of information in the Comprehensive Annual Financial Report.

**Management's response:**

The finding will be addressed in the corrective action plan, as required by the New Jersey Department of Education.

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(continued)**

**Section III - Federal Awards and State Financial Assistance  
Findings and Questioned Costs**

**FEDERAL AWARDS**

**Finding:** NONE

**Information on the federal program:**

**Criteria or specific requirement:**

**Condition:**

**Questioned Costs:**

**Context:**

**Effect:**

**Cause:**

**Recommendation:**

**Management's response:**

**STATE AWARDS**

**Finding:** NONE

**Information on the state program:**

**Criteria or specific requirement:**

**Condition:**

**Questioned Costs:**

**Context:**

**Effect:**

**Cause:**

**Recommendation:**

**Management's response:**

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a) (b)) and New Jersey OMB's Circular 04-04.

**STATUS OF PRIOR - YEAR FINDINGS**

Financial Statements

**Finding:** 2012-6

**Condition:**

While the District maintains fixed asset records, the updated report, prepared by an outside appraisal company, was not available for examination in a timely manner and accordingly, the current year amounts were determined and adjusted as part of the audit, based on the previous outside appraisal report.

**Recommendation:**

Additions and deletions of fixed assets made during the year should be communicated to the outside appraisal company in a more timely manner, in order to acquire an updated fixed asset report for inclusion of information in the Comprehensive Annual Financial Report.

**Current Status:**

This finding is repeated in this year's recommendations as current year finding 2013-3.